



City of Campbell, California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011



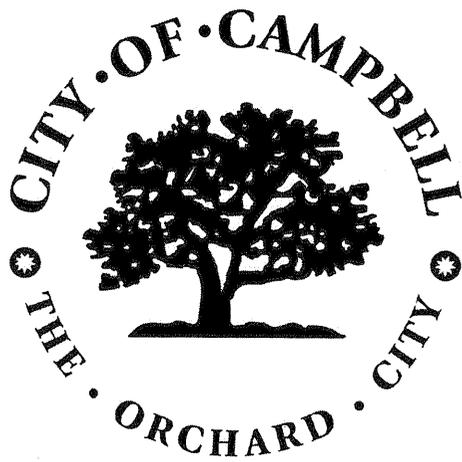
CITY OF CAMPBELL, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal year ended June 30, 2011

Prepared by

Finance Department

Jesse Takahashi, Finance Director



CITY OF CAMPBELL, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year ended June 30, 2011

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(C O N T I N U E D)

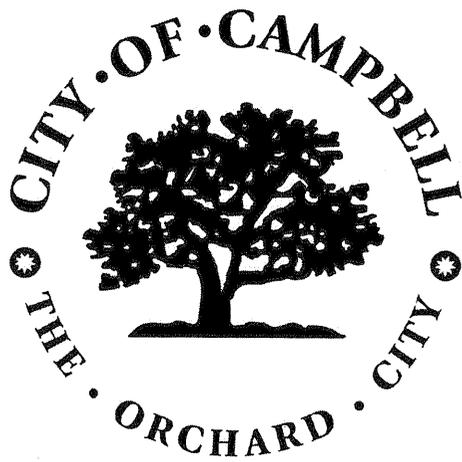
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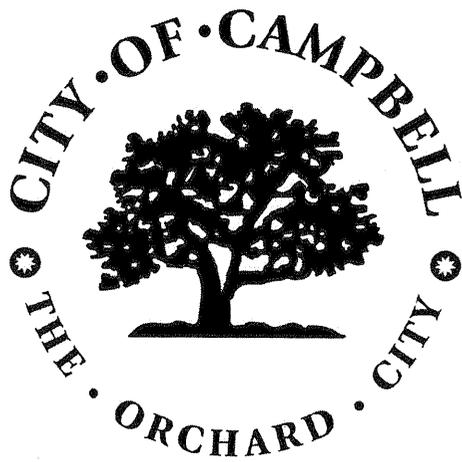
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INTRODUCTORY SECTION





CITY OF CAMPBELL
FINANCE DEPARTMENT

December 15, 2011

Honorable Mayor, Members of the
City Council, and Residents of Campbell

I am pleased to submit this Comprehensive Annual Financial Report (CAFR) for the City of Campbell, California for the fiscal year ended June 30, 2011, prepared by the City's Finance Department.

State law requires that the accounts and fiscal affairs of each municipal corporation be examined annually by an independent certified public accountant. Section 2.08.140 of the Campbell Municipal Code also requires an annual audit of the fiscal records of the City. Accordingly, an audit report, provided by Burr Pilger Mayer, Inc., along with the basic financial statements of the City, is herein submitted in fulfillment of this requirement.

The report consists of management's representations concerning the finances of the City of Campbell. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects. Further, every attempt has been made to conform to the highest standards of public financial reporting as set forth by the following organizations:

- Governmental Accounting Standards Board (GASB);
- American Institute of Certified Public Accountants and its Committee on Governmental Accounting and Auditing;
- Government Finance Officers Association of the United States and Canada; and
- California Society of Municipal Finance Officers.

The City's independent audit was meant to provide reasonable assurance that its financial statements are free of material misstatement. This audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The auditor has issued an unqualified opinion on the City's financial statements indicating they are fairly presented in conformity with GAAP.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

In addition to meeting the requirements set forth by State law, the audit was also designed to meet the requirement of the Single Audit Act of 1984 as amended in 1996 and the U.S. Office of Management and Budget Circular A-133. The standards governing Single Audit engagements require the auditor to report on the City's internal controls and compliance with certain legal requirements with special emphasis on the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

CITY OF CAMPBELL PROFILE

The City of Campbell is located in the heart of Silicon Valley contiguous with the City of San Jose and 50 miles south of San Francisco. The City encompasses roughly 6.5 square miles, is largely built out, and serves a population of approximately 39,664. The City is comprised of a combination of residential, office and commercial retail businesses. The City is also home to a number of community festivals and celebrations throughout the year, and it prides itself on fostering a "small town" feel despite being located in the midst of a major metropolitan region. The City's central geographic setting within Silicon Valley makes it a desirable place to live and work.

The City was incorporated March 28, 1952, as a general law city and operates under a Council-Manager form of government that includes five council members elected at-large for a term of four years. The Mayor is selected each year by majority vote of the other Council members. The Council appoints the City Manager and City Attorney. The City Council members also serve as the governing board members of the Campbell Redevelopment Agency and the Campbell Lighting and Landscape District, which are both included in the financial reporting entity as blended component units of the City.

The City provides the following services to its residents: police and contract fire protection; park and street lighting maintenance; recreational classes, services and cultural events; planning, zoning and building review and inspections; construction and maintenance of streets and roads; and leadership provided through general administrative services. Water, sewage, garbage and electric utilities are provided directly through other agencies not under the City's jurisdiction.

The annual budget serves as the foundation for the City of Campbell's financial planning and control. The budget process begins in December with each City department receiving a budget packet. Initial appropriation requests are made in mid-February; study sessions are later held with the City Council between March and May to discuss department goals and work plans as well as to obtain Council's input on special priorities or concerns that should be considered in developing the budget. Subsequently, the City Manager meets with each department director to discuss the budget requests and make changes where necessary. The City Manager then prepares and presents the recommended budget in late May or early June for Council's preliminary consideration. Adoption of the operating and capital budget document takes place in June. The City's financial policies authorize the City Manager to administratively approve budget adjustments within the adopted budget under \$10,000 or requiring transfers from reserves under \$5,000 per transaction.

Requests for increases in appropriations over these amounts or any adjustments to capital projects, require approval by the City Council.

FACTORS AFFECTING FINANCIAL CONDITION

National, State, Regional and Local economy--While Silicon Valley is known for its significant concentration of high technology and electronics research, development and manufacturing, the area also supports a wide variety of retail, office and personal services industries. Historically, this region has experienced cycles of expansion and contraction and has led the nation in productivity, innovation and economic growth for a good portion of the 1990s and early 2000s. The region is home to numerous institutions of higher learning and education that support a broad base of research and development in advanced technology and design.

Nationally, the country has been continuing to recover from one of its deepest and longest recessions in history since the Great Depression. The economy has slowly improved with GDP growth still only in the 1-3% range and unemployment still relatively high by historical standards but in decline. Until job growth improves and the unemployment rate declines further, it is expected that economic recovery will continue be a slow and lengthy process lasting at least a couple more years.

The National unemployment rate did see a decline from 9.7% in October, 2010 to 9.0% as of October, 2011 which shows some measure of progress in recovery. Unemployment for the City of Campbell as of September, 2011 was 8.2%, down from 9.4% one year ago, again reflecting some improvement from the past year. This also compares favorably to the County rate of 9.6% and the State rate of 11.4%.

The Federal Reserve Bank has continued to maintain interest rate levels near zero percent during the past year in order to stimulate economic activity. Unfortunately, this has met with little success thus far. It has, however, had a significant impact on reducing the City's investment earnings to near historic lows.

With respect to the local region, Silicon Valley, the housing market has improved considerably with numbers of foreclosures down and sales transactions and median prices off of their lows from the last couple of years. Because of the unique setting of this region, and the fact that many of the surrounding cities have limited capacity for new housing, real estate values are continuing to stabilize and improve slowly. This is predominantly due to the fact that demand in this region continues to exceed the supply despite the relatively high cost of housing. While private development activity in the City is still lagging due to the ongoing financial and economic troubles, some developments have moved forward including the start of construction of a 127-unit senior housing and commercial development, a 23-unit single family housing development and a 40-unit low income townhome development.

Campbell is home to a diversified economic base of business segments located throughout the community. There are approximately 5,000 businesses in the City that generated approximately \$10.5 million in sales tax revenue, an increase of 10% over last year. The largest categories of sales tax producers comprise general retail, construction, food products, transportation and business-to-business. Clearly, the economic conditions have improved considerably over the past year.

However, the City continues to be affected by the actions of the State of California. Over the past decade, the State realigned local revenue allocations to cities that significantly changed the composition of certain city revenues including: vehicle license, sales tax, and property tax revenues. As has been the case for most of the past decade, the State continues to face multi-billion dollar budget deficits, and continues to find ways to divert City funds for addressing its own budget problems. In FY 11, the State imposed a take away from the Campbell Redevelopment Agency of \$0.4 million to plug a budget deficit. There is also a proposal in the State budget for FY 12 that will essentially eliminate Redevelopment Agencies in California if approved by the State Supreme Court. Money grabs like this create additional challenges to providing local services to the community.

Because of the many economic and fiscal uncertainties that confront the City almost routinely, and to address the financial impacts created by these issues, the City has taken necessary steps to preserve its fiscal health during these difficult times. The City, for example, has established financial and budgetary policies monitored by the City Council that ensure operating revenues are available to fund operating expenditures resulting in a balanced budget. The City has designated a Reserve for Economic Fluctuations the purpose of which is to serve as a reserve for those revenue sources most significantly impacted by downturns in the economy, thereby, enabling the City to better withstand an economic downturn. The City's financial policies specify target funding of \$6 million. In addition, there are other reserves set aside for both operating as well as emergency purposes to provide the City a financial cushion during difficult economic times. The City was able to replenish its Economic Fluctuations Reserve by \$0.5 million during FY 11 increasing its balance to \$5.0 million. The reserve is planned to be replenished over the next five years pursuant to a budget correction strategy that was developed in conjunction with the FY 11 budgeting process.

AWARDS (Financial and Budgetary)

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Campbell for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. The Certificate of Achievement is a prestigious national award that recognizes conformity with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 23 consecutive fiscal years. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are again submitting it to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year 2010-11. This is the 18th consecutive year of receiving this award. In order to receive this award, the budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

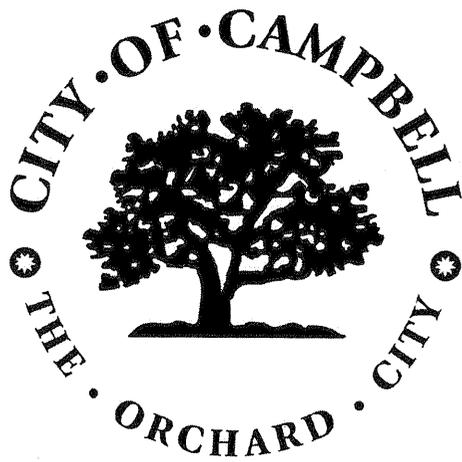
ACKNOWLEDGEMENTS

Timely and accurate preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the City of Campbell Finance Department. Each member of the Department has my sincere appreciation for the many contributions made in the preparation of this report. In addition, I wish to extend a special thanks to Michael Wright, Finance Manager, Mark Gaeta and Sophie Kao, Accountants, and Sherrie Doherty, Executive Assistant to the City Manager, for all of their hard work in producing this document.

I also wish to express my thanks to the members of the City Council and the City Manager for their interest and support in planning and conducting the financial operations of the City in a responsible and prudent manner in the best interest of the residents of Campbell.

Respectfully submitted,

Jesse Takahashi
Finance Director



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Campbell
California

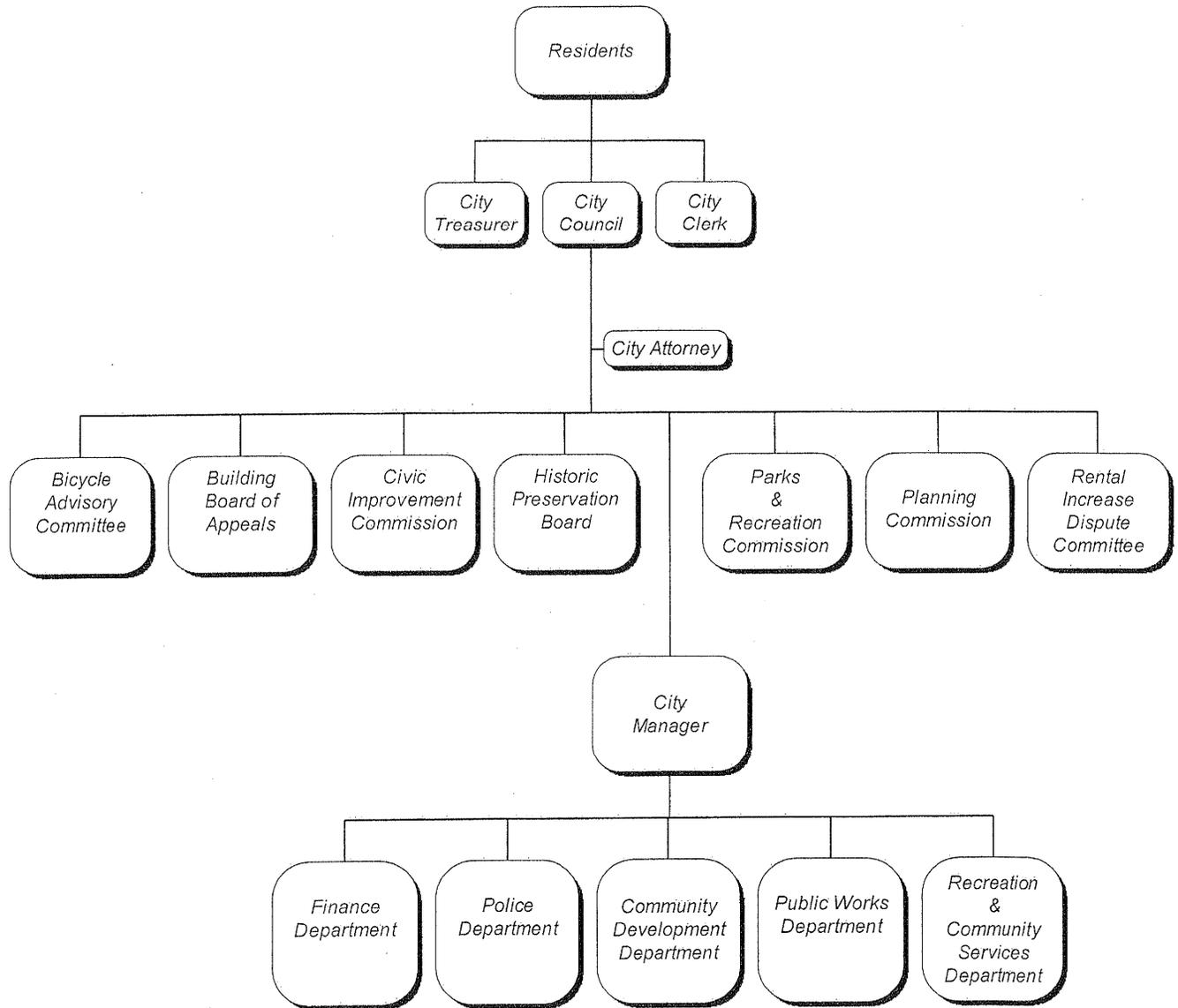
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



CITY OFFICIALS

CITY COUNCIL & REDEVELOPMENT AGENCY BOARD

Mayor – Jason T. Baker

Vice Mayor – Michael F. Kotowski

Councilmember – Evan D. Low

Councilmember – Jeffrey R. Cristina

Councilmember – Richard M. Waterman

Note: Mayor serves an annual term from November to November. Names and positions are as of July 1, 2011.

CITY ADMINISTRATIVE STAFF

City Manager - Daniel Rich

City Clerk - Anne Bybee (Elected)

City Treasurer - Gerald Kennedy (Elected)

City Attorney - William Seligmann

Community Development Director - Kirk Heinrichs

Finance Director - Jesse Takahashi

Recreation & Community Services Director – Cynthia Bojorquez

Police Chief - Gregory Finch

Public Works Director – Michelle Quinney (Acting)

COMMISSIONS, COMMITTEES AND ADVISORY BOARDS

Planning Commission

Bob Roseberry, Chairperson
Theresa Alster, Vice Chairperson
Brian Brennan
Mark Ebner
Elizabeth Gibbons
Paul Resnikoff
Philip Reynolds, Jr.

Civic Improvement Commission

Traci Mitchell, Chairperson
Ann Herosy, Vice Chairperson
Jill Brewer
Toby Cheng
Madeline Perrine
Michael Rich
Alan Zisser

Historical Preservation Board

JoElle Hernandez, Chairperson
Susan Blake, Vice Chairperson
Laura Taylor Moore
Masel Sheehan
Todd Walter

Bicycle Committee

Herman Wadler, Chairperson
Laura Smith, Vice Chairperson
Brian Conroy
David Passfield
Paul Tuttle

Parks and Recreation Commission

Scott Hughes, Chairperson
Charles Gibson, Vice Chairperson
Bruce Baker
Aaron Bueno
Jaquie Davidson
Jann Harbor
Rich Ptaszynski

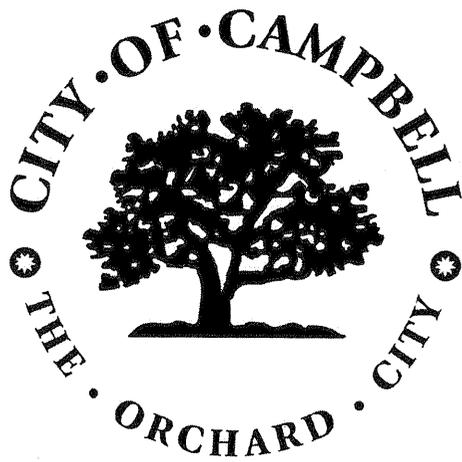
Building Board of Appeals

Bruno Marcelic
Jim Morelan
Jay Perrine
Kevin Salazar
Todd Zeman

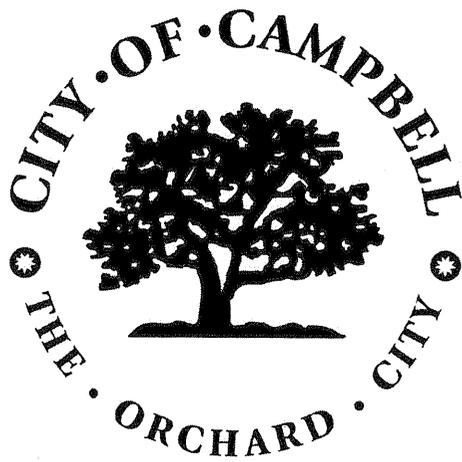
Rental Increase Fact Finding Committee

Matthew Minic, Chair
Eric Bracher
John W. Figueroa
Phil Doetsch
Karla Prince

Note: Names and positions as of July 1, 2011.



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

City Council
City of Campbell, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Campbell, California (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Campbell. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standard applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Campbell, California as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, of the City of Campbell, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained further in Note 2, it is uncertain as to the future continuation of redevelopment agencies (a material component unit in the City's financial statements) in the state of California as a result of litigation initiated in response to certain legislative actions enacted by the California State Legislature.

As described in Note 10, during the year ended June 30, 2011 the City adopted the provisions of Governmental Accounting Standards Board No. 54, *Fund Balance Reporting*.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Campbell's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2011 on our consideration of the City of Campbell's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Burr Pilger Mayer, Inc.

San Jose, California
December 15, 2011

Management's Discussion and Analysis

The following discussion provides a narrative overview and analysis of the City of Campbell's financial statements for the fiscal year ended June 30, 2011. The information contained herein should be considered in conjunction with the information furnished in the letter of transmittal and the basic financial statements.

Fiscal Year 2010-11 Financial Highlights

The City ended its fiscal year with total revenues of \$46.5 million, an increase of \$2.1 million from the previous year, and expenses of \$45.5 million, a decrease of \$1.5 million (3.2%) from the previous year. Decreases in operating grants, property taxes, and investment income were offset by increases in charges for services, capital grants, sales and use tax, transient occupancy tax, permit fees and reductions in total operating expenses from their FY 2010 levels. Total expenses included a take-away of \$0.5 million in Redevelopment Agency funds by the State of California.

Other financial highlights of the past year are as follows:

City-wide:

- Total City assets exceeded its liabilities by \$64.1 million. Of this amount, \$28.6 million represents unrestricted net assets that the City has designated for various purposes including reserves for emergencies, operations, economic uncertainty and approved capital projects.
- Total net assets increased from the previous year by \$1.1 million. Total assets, increased slightly by \$0.2 million, while total liabilities dropped \$0.8 million. Capital assets and Other assets increased by \$2.1 and \$2.3 million, respectively.

Fund level:

- Total governmental fund balances were \$46.0 million at fiscal year end, a decrease of \$2.2 million from the previous year.
- General Fund revenues, excluding transfers, increased \$2.7 million to \$33.1 million from the previous year. Related expenditures decreased by \$0.3 million from the previous year to \$31.6 million.
- General Fund fund balance increased \$0.7 million to \$21.7 million at fiscal year end.
- Because the City realized a General Fund surplus, no draw from its Reserve for Economic Fluctuations was necessary.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Campbell's basic financial statements that are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

City-wide financial statements—These are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business. They consist of the *statement of net assets* and *statement of activities*. The statements are reported on the full accrual basis of accounting and eliminate any duplicate activity between City funds.

The statement of net assets presents information on all of the City’s assets and liabilities, including capital assets and long-term debt, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City’s net assets changed during the most recent fiscal year. It encompasses all revenues and expenses and reports them based on when they are earned or incurred, respectively, rather than the timing of the related cash flows.

The City has only *governmental* activities that are primarily supported through taxes and intergovernmental revenues. The City-wide financial statements include the Campbell Redevelopment Agency and Campbell Lighting and Landscape District, legally separate entities that are under the control of the City and for which the City retains financial accountability.

Fund financial statements—The City uses fund accounting on a day-to-day basis to ensure and demonstrate compliance with finance-related legal requirements. These statements focus on more short-term reporting related to current revenues, expenditures and fund balances. They do not include capital assets or long-term liabilities. The City’s funds can be divided into two categories: *governmental funds* and *fiduciary funds*.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the City-wide financial statements. However, unlike the City-wide financial statements, governmental fund financial statements focus on inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the City-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the City-wide financial statements. By doing so, a better understanding may result of the long-term impact of the City’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 18 individual governmental funds. Information for the General Fund, Redevelopment Agency Housing, Capital Projects Fund, COP Debt Service Fund and RDA Debt Service Fund is presented separately in the fund financial statements as they are considered *major* funds of the City. The data for the remaining funds are shown in the aggregate in the financial statements. However, the individual fund data for each of these non-major funds is provided as supplemental information in the form of combining statements.

The City adopts an annually appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the City. Fiduciary funds are not reflected in the City-wide financial statements because the resources of those funds are not available to support the City's own programs. Accordingly, only assets and liabilities are reported for these funds. The City reports one agency fund representing a joint powers authority and a local improvement district.

Notes to financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the City-wide and fund financial statements. They can be found immediately following the financial statements.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain supplemental information in the form of budget and actual schedules for major governmental funds other than the general fund; combining statements for non-major governmental funds and the City's internal service funds; and a statement of changes in assets and liabilities for the City's agency funds.

City-wide Financial Analysis

This analysis focuses on the net assets and changes in net assets at the City-wide level as presented in the statement of net assets and statement of activities. Net assets for the City are summarized below as of June 30 and an analysis follows:

Governmental Net Assets (millions)

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Cash & investments	\$43.8	\$48.0
Capital assets	61.5	59.4
Other assets	<u>13.5</u>	<u>11.2</u>
Total assets	118.8	118.6
Long term liabilities	46.7	48.0
Other liabilities	<u>8.1</u>	<u>7.6</u>
Total liabilities	54.8	55.6
Net assets:		
Invested in capital assets, net of debt	20.0	16.7
Restricted	15.5	14.3
Unrestricted	<u>28.6</u>	<u>32.0</u>
Total net assets	<u>\$ 64.1</u>	<u>\$ 63.0</u>

The changes in net assets were comprised of the following elements:

- Cash and investments decreased by \$4.2 million due to reduced receipts; the purchase of land held for resale for \$1.9 million; expenditures on several large capital projects, including \$2.2 million for East Campbell Avenue and \$1.2 million for Orchard City Banquet Hall; and a \$0.5 million take-away of property tax revenue by the State of California.
- Capital assets added during the year were \$4.9 million offset by depreciation charges of \$2.8 million for a net increase of \$2.1 million.
- Other assets had a net increase of \$2.3 million consisting primarily of increases in receivables and the purchase of land held for resale (\$1.9 million).
- Long term liabilities decreased a net of \$1.3 million due to repayment of \$1.6 million in debt principal during the year which was offset by a \$0.3 million increase in OPEB liabilities.

- Other liabilities increased by \$0.5 million due principally to increases in claims payable and deposits payable at fiscal year end.
- Net assets invested in capital assets, net of debt, increased \$3.3 million from the previous year due primarily to normal debt service activity and progress payments on capital projects.
- Restricted net assets have external limitations placed upon them regarding how they may be spent. During the year, these assets increased by \$1.2 million due primarily to a mandatory transfer of \$0.5 million in redevelopment funds to the State of California to help balance the State budget, which was offset by increases in revenues from development related fees restricted to park land improvements and street repairs.
- Unrestricted net assets decreased by \$3.4 million due to the current year use of funds for major capital project expenditures.

Below is a summary of the components that resulted in the change to net assets for the fiscal year ended June 30:

**Changes in Governmental Net Assets
(in millions)**

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Revenues:		
Program revenues:		
Charges for services	\$9.1	\$7.7
Operating grants and contributions	2.1	3.4
Capital grants and contributions	3.2	2.3
General revenues:		
Property taxes	15.8	16.7
Sales and use taxes	10.5	9.5
Other taxes	5.4	4.2
Investment Income	0.3	0.5
Other	0.1	0.1
Total revenues	<u>46.5</u>	<u>44.4</u>
General Government	4.5	4.6
Recreation	4.7	5.4
Community Development	1.5	1.8
Public Safety	18.6	18.1
Public Works	8.6	8.8
Redevelopment	5.4	6.0
Interest on long term debt	2.2	2.3
Total expenses	<u>45.5</u>	<u>47.0</u>
Change in net assets	<u>\$ 1.0</u>	<u>\$ (2.6)</u>

Net assets increased \$1.0 million. Key elements of activity are as follows:

- Within program revenues, charges for services increased \$1.4 million due primarily to increases in commercial and residential building activity while operating grants decreased but were offset by increases in capital contributions and grants.
- Within general revenues, property tax revenue decreased by \$0.9 million resulting from decreases in assessed valuations due to statutory adjustments by the county assessor and commercial property valuation reductions due to appeals.
- Investment income decreased \$0.2 million from the previous year due to lower interest rates on the City's investment portfolio.
- Other taxes increased \$1.2 million due to changes in the Transient Occupancy and Business License Tax structures and increases in local business and construction activity.
- Recreation Services expenses decreased \$0.7 million due to reduced capital projects and reductions in program related activity.
- Community Development expenditures decreased \$0.3 million due to reductions in staffing related expenses.
- Public Safety expenses increased \$0.5 million, due to increased police department personnel costs and a \$0.2 million increase in contracted fire protection services.
- Public Works expenses decreased \$0.2 million due primarily to the reduction of staffing related operating expenditures.
- Redevelopment expenses decreased a net of \$0.6 million due primarily to the reduction of the mandatory payment to the State of California to cover a portion of the State budget deficit which fell from \$2.1 million in FY 10 to \$0.5 million in the current year. Offsetting that reduction were increases in payments made to other local agencies obligated by various tax-sharing agreements totaling approximately \$1.3 million.

Financial Analysis of Fund Financial Statements

Combined governmental fund balances at fiscal year end were \$46.0 million, a decrease of \$2.2 million from the previous year. The City has Non-Spendable, Restricted, Committed, Assigned and Unassigned fund balances of \$17.8 million; \$6.8 million; \$21.1 million; \$2.9 million and (\$2.6 million); respectively, at year end. The total combined fund balance is a decrease of \$2.1 million from the previous year.

Governmental fund revenues, excluding transfers, were \$46.9 million, an increase of \$2.0 million from the previous year. Included in this increase were lower property taxes of \$0.8 million based on reduced assessed valuations and roll changes; lower intergovernmental revenues of \$0.3 million due principally to completion of capital projects begun in the prior

year that received funding from other governmental sources; and lower investment income of \$0.4 million due to the low interest rate environment. Offsetting these decreases were increases in Sales and Use Tax of \$1.0 million; Other Taxes of \$1.2 million; Licenses and Permits of \$0.5 million; Charges for Services of \$0.4 million and Parkland Dedication Fees of \$0.4 million.

Governmental fund expenditures, excluding transfers, decreased from the prior year by a net amount of \$1.2 million to \$49.1 million. This decrease was due to a decrease in Redevelopment Agency pass-through costs of \$0.5 million; and \$0.5 million in decreases to other Redevelopment Agency program expenditures; as well as operating expenditure reductions in other programs.

Analysis of Major Governmental Funds

General Fund

For the first time in several years, the General Fund realized a modest surplus. General Fund revenues, excluding transfers, increased \$2.7 million from the previous year to \$33.1 million. Contributing to the increase were increases in sales taxes of \$1.0 million, transient occupancy taxes \$0.7 million; franchise fees \$0.3 million; building permits \$0.6 million and charges for services \$0.3 million.

General Fund expenditures, excluding transfers, were \$31.6 million, a decrease of \$0.3 million from the previous year. Contributing to the decrease were a number of measures taken by the City to reduce personnel and general operating expenditures, including employee furloughs. The City continues to monitor its expenditures closely and has strived to minimize spending where possible.

General Fund fund balance at fiscal year-end was \$21.7 million, an increase of \$0.7 million from the previous year. The resulting surplus enabled the Reserve for Economic Fluctuations to be increased by \$0.5 million to \$5.0 million based on a policy target of \$6.0 million. Restricted, Committed and Assigned fund balances at year end were \$20.6 million. These balances are utilized to fund various emergency and operating funds, including a \$5.0 million reserve for economic fluctuations, \$4.6 million for capital projects and \$3.4 million for unforeseen emergencies.

Significant original-to-final revenue budget adjustments were made to property taxes, sales taxes, transient occupancy taxes and investment income. The Property Tax budget was decreased as revenues were lower than anticipated due to significant downward adjustments made by the County assessor's office during the second half of the year. Sales and use tax and transient occupancy tax were increased as the first six months sales tax receipts indicated an improvement in the local economy. The Transient Occupancy Tax (TOT) increased as the result of a voter approved ballot measure in November that became effective January 1, 2011 as well as an improvement in business activity over what was anticipated. The Licenses and Permits budget was increased to reflect improved construction project activity. Investment income revenue projections were further reduced to reflect the continued declining interest rate environment.

Significant final revenue budget-to-actual variances consisted of a positive variance in Sales and Use Tax due to better than expected receipts; a positive variance in Other Taxes due to the TOT improvement; and a positive variance in Licenses and Permits due to additional construction activity. There was a negative variance in Investment Income as interest rates continued to fall below expected levels.

There were positive original-to-final budget variances for total General Fund expenditures. Positive variances in Recreation and Public Works resulted from continued efforts to conserve budget, and from salary savings due to employee retirements.

Redevelopment Agency Housing Fund

This fund accounts for the 20% set aside requirement of increased property tax revenues received from the County to be used solely to provide for low and moderate income housing. Revenues deposited into the fund were \$1.4 million during the year. The fund has loans outstanding of \$3.1 million and fund balance of \$13.0 million, an increase of \$1.1 million from the previous year.

COP Debt Service Fund

The principal asset of this fund is represented by \$7.7 million in advances receivable from the RDA representing the portion of debt service it is obligated to repay to the City based on an agreement between the two entities. The receivable is offset with an advance payable to the City in the RDA debt service fund. Payment to the City is made with annual collections of RDA tax increment revenue.

RDA Debt Service Fund

This is the principal debt service fund of the RDA, and it receives most of the tax increment receipts from which it also makes debt service payments and funds the RDA's capital projects. Property tax revenue from the project area saw a decrease of \$0.5 million from the previous year. At the same time, the Agency saw a \$1.2 million increase in the required pass-through payments to other taxing entities. These two negative factors were mitigated by a decrease in the State mandated payment to the Supplemental Education Revenue Augmentation Fund which declined from \$2.1 million in the prior year to \$0.4 million in FY 11.

The fund deficit of \$1.3 million represents a decrease of \$1.8 million from the prior fiscal year. This is due largely to the liability for advances from other funds which will be paid down from future tax increment collections. In addition, tax increment revenue declined \$0.5 and the Agency spent \$2.4 million for capital projects.

Capital Projects Fund

The Capital Projects Fund accounts for all City-wide Capital Improvement Program expenditures. Total expenditures of \$5.5 million were made for capital projects during the year, an increase of \$0.6 million from the prior year. Projects are funded from capital improvement reserves, intergovernmental revenues, grants, and redevelopment agency funds.

Other Governmental Funds

These funds are not separately presented in the basic financial statements, but are individually presented as supplemental information.

Capital Assets

The City had net capital assets of \$61.5 million as of June 30, 2011. The following is a summary of the City's capital assets for the fiscal year ended June 30:

	<u>2011</u>	<u>2010</u>
Land	\$16.3	\$16.3
Construction in progress	7.1	4.9
Building & improvements	29.1	29.0
Other improvements	19.8	19.2
Machinery & equipment	8.4	8.5
Infrastructure	22.1	20.3
Less: Accumulated depreciation	<u>(41.3)</u>	<u>(38.8)</u>
Net capital assets	<u>\$ 61.5</u>	<u>\$ 59.4</u>

Total additions to capital assets were \$4.9 million during the year consisting primarily of project improvements, vehicles, and technology equipment. Additional detail on capital assets can be found in Note 6 of the notes to financial statements.

Debt Administration

During the fiscal year, the City and its redevelopment agency made regular debt service payments on their respective outstanding debt issues. Additional detail regarding the City's long term debt can be found at Note 7 in the notes to financial statements.

At June 30, the City had the following outstanding debt (in millions):

	<u>2011</u>	<u>2010</u>
Certificates of participation	\$20.8	\$21.3
Tax allocation bonds	<u>21.7</u>	<u>22.7</u>
Total debt	<u>\$ 42.5</u>	<u>\$ 44.0</u>

Economic Outlook and Next Year's Budget

The City continues to maintain prudent reserve levels in fiscal year 2011-12. To preserve and maintain its fiscal stability on the heels of a very difficult budget last year, containing \$3 million in budget correction strategies, this year continues the plan laid down last year which is expected to continue replenishing the City's reserves back to their targeted levels. The strategies included a variety of measures such as increased user fees, voluntary separation incentives, freezing additional positions, shortening work weeks, reorganizing departments, and employee furloughs. The 2012 budget includes many of those same strategies. Among other issues taken into account in developing the fiscal year 2012 budget were the following:

- Property tax revenues are expected to be slightly (1%) higher than in FY 11 due to continued sluggishness in the commercial and residential real estate markets.
- Base sales tax revenue is expected to be 3% higher during the year due to the opening of a new retail grocery store and gas station which opened in the last half of FY 11.
- The State has planned the unilateral closure of Redevelopment Agencies statewide unless individual agencies choose to make a required payment, similar to the amount taken by the State the last two fiscal years (\$2.6 million). Agency revenues would be restricted to Debt Service, Housing set-aside, and other legal obligations in place at June 30, 2011. All other funds would be diverted to cover the State budget deficit.
- Ongoing expenditures should be funded with ongoing revenues and reserves should be used for one-time or short-term needs in future years.
- Retirement costs for current and past employees will continue at elevated levels for the next several years.
- Premiums for employee health care will continue to increase in the foreseeable future.
- Pursuant to GASB Statement No. 45, accrued retiree health benefit costs (OPEB) will be funded over a ten-year phase-in period which began in FY 09.
- Funding for identified capital projects, which has traditionally come from budgetary surplus, is limited and may require that projects be delayed until adequate funding becomes available.
- A modest surplus was built into the General Fund so as to continue replenishing the Reserve for Economic Fluctuations to its targeted level of \$6.0 million over the next five years.

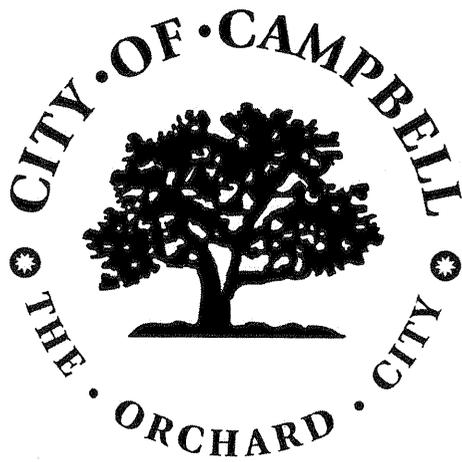
The economic outlook for the local Silicon Valley region is cautiously optimistic despite lingering impacts from the mortgage and housing troubles. There has been a noticeable improvement in the overall market. Retail activity has also begun to show signs of stability. The unemployment rate was down to 10.3% (from 11.3%) in June 2011 and is expected to stabilize or trend slowly downward in the coming months. The number of people unemployed decreased by 9,900 from April 2010 through June 2011. The Silicon Valley

region is also a prominent leader in the “green” technology sector which is continuing to experience modest growth. This growth is expected to continue in the near term.

There are still many uncertainties facing the City. Consequently, the City is continuing to closely monitor primary revenue sources and find ways to minimize expenditure growth from year to year. General Fund operating appropriations for fiscal year 2011-12 are \$34.1 million, an increase of \$0.7 million (1.8%) from the previous year adopted budget.

Requests for Information

This financial report is designed to provide a general overview of the City of Campbell’s finances for residents, taxpayers, investors, creditors and any other interested parties. Questions about this report may be directed to the City’s Finance Department at 70 N. First Street, Campbell, CA 95008.



CITY OF CAMPBELL, CALIFORNIA

STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

The Statement of Net Assets and the Statement of Activities summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. It focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets. The Statement of Net Assets summarizes the financial position of all the City's Governmental Activities in a single column.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances.

The Statement of Activities reports increases and decreases in the City's net assets. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the “modified accrual” basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities presents the City's expenses first, which are listed by program. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental program. The City's general revenues are then listed in the Governmental Activities column, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, Campbell Lighting District, and the Campbell Redevelopment Agency, which are legally separate but are blended component units of the City because they are controlled by the City, which is financially accountable for their activities.

CITY OF CAMPBELL, CALIFORNIA

STATEMENT OF NET ASSETS

June 30, 2011

	<u>Governmental Activities</u>
Assets:	
Cash and investments (Note 3)	\$ 41,595,582
Restricted cash and investments (Note 3)	2,199,121
Receivables:	
Taxes	1,639,292
Accounts	1,654,345
Interest	75,638
Notes and loans (Note 5)	4,616,782
Deposits	90,000
Land held for resale	5,440,223
Capital assets, not depreciated (Note 6)	23,425,991
Capital assets, depreciated, net (Note 6)	<u>38,108,040</u>
Total assets	<u>118,845,014</u>
Liabilities:	
Accounts payable	3,789,074
Accrued expenses	579,002
Claims and judgments payable (Note 13)	1,742,805
Deposits payable	819,767
Interest payable	515,707
Unearned revenue	631,218
Noncurrent liabilities (Note 6):	
Due within one year	2,990,329
Due in more than one year	<u>43,716,091</u>
Total liabilities	<u>54,783,993</u>
Net Assets:	
Invested in capital assets, net of related debt	20,021,321
Restricted for:	
Community Development	1,079,914
Public Works	1,417,211
Public Safety	340
Redevelopment projects	12,941,535
Unrestricted	<u>28,600,700</u>
Total net assets	<u>\$ 64,061,021</u>

The accompanying notes are an integral part of these financial statements.

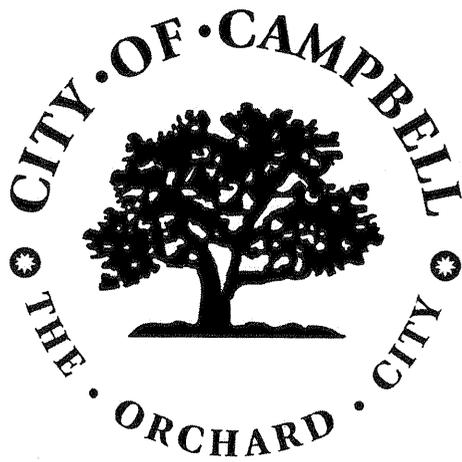
CITY OF CAMPBELL, CALIFORNIA

STATEMENT OF ACTIVITIES

June 30, 2011

		Program Revenues			Net (Expenses) Revenues and Change in Net Assets
		Charges for	Operating	Capital	
	Expenses	Services	Contributions and Grants	Contributions and Grants	Governmental Activities
Governmental activities:					
General Government	\$ 4,454,242	\$ 133,160	\$ 4,908	\$ -	\$ (4,316,174)
Recreation	4,739,270	4,804,171	116,511	-	181,412
Community Development	1,487,552	2,322,055	135,462	-	969,965
Public Safety	18,560,647	840,455	133,641	-	(17,586,551)
Public Works	8,634,025	1,002,765	1,592,268	3,191,724	(2,847,268)
Redevelopment	5,367,766	16,609	127,236	-	(5,223,921)
Interest expense and other charges	2,207,529	-	-	-	(2,207,529)
Total governmental activities	<u>\$ 45,451,031</u>	<u>\$ 9,119,215</u>	<u>\$ 2,110,026</u>	<u>\$ 3,191,724</u>	<u>(31,030,066)</u>
General revenues:					
Taxes:					
Property					15,836,085
Sales and use					10,524,344
Transient occupancy					2,031,585
Franchise					2,619,457
Other					543,814
Motor vehicle in lieu, unrestricted					185,864
Investment income					241,369
Miscellaneous					66,207
Total general revenues					<u>32,048,725</u>
Change in net assets					1,018,659
Net assets at beginning of year					<u>63,042,362</u>
Net assets at end of year					<u>\$ 64,061,021</u>

The accompanying notes are an integral part of these financial statements.



CITY OF CAMPBELL, CALIFORNIA

FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year.

The funds described below were determined to be Major Funds by the City in fiscal 2011. Individual non-major funds may be found in the Supplemental section.

General Fund

Accounts for activities traditionally associated with governments such as administration, recreation, community development, engineering and public safety, which are not required to be accounted for in another fund.

Redevelopment Agency Housing Special Revenue Fund

Accounts for twenty percent of the increased property tax revenues from the County of Santa Clara legally required to be set aside for low and moderate-income housing.

COP Debt Service Fund

Accounts for the City's share of proceeds from and repayments of the 1997 and 2002 COP refinancing, which were utilized chiefly for the City's Community Center and deferred street maintenance projects.

Redevelopment Agency Debt Service Fund

Accounts for payment of interest and principal on the Redevelopment Agency's debt obligations including the 2002 and 2005 Tax Allocation Bonds.

Capital Projects Fund

Accounts for the expenditures and financing of the City's capital projects.

CITY OF CAMPBELL, CALIFORNIA

GOVERNMENTAL FUNDS

BALANCE SHEET

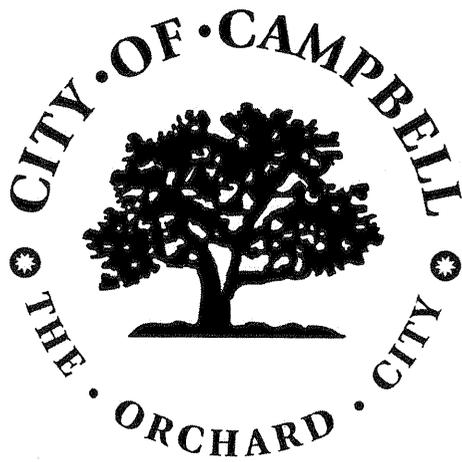
June 30, 2011

	General Fund	RDA Housing Special Revenue Fund	COP Debt Service Fund
	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>			
Cash and investments	\$ 21,634,659	\$ 4,559,802	\$ -
Restricted cash and investments	-	-	-
Receivables:			
Accounts	433,986	-	-
Taxes	1,611,184	4,655	-
Interest	75,638	-	-
Notes and loans	-	3,137,102	-
Due from other funds (Note 4)	594,859	21,917	-
Advances to other funds (Note 4)	-	-	7,745,940
Land held for resale	-	5,440,223	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 24,350,326</u>	<u>\$ 13,163,699</u>	<u>\$ 7,745,940</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 1,155,044	26,348	\$ -
Accrued payroll	517,927	-	-
Deposits payable	819,767	-	-
Due to other funds (Note 4)	72,451	-	-
Deferred revenue	77,621	150,000	-
Advances from other funds (Note 4)	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>2,642,810</u>	<u>176,348</u>	<u>-</u>
Fund balances:			
Nonspendable	-	8,577,325	7,745,940
Restricted	32,756	4,564,457	-
Committed	19,061,518	-	-
Assigned	1,552,458	-	-
Unassigned	1,060,784	(154,431)	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>21,707,516</u>	<u>12,987,351</u>	<u>7,745,940</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 24,350,326</u>	<u>\$ 13,163,699</u>	<u>\$ 7,745,940</u>

The accompanying notes are an integral part of these financial statements.

RDA Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
\$ 6,310,698	\$ 808,848	\$ 2,955,762	\$ 36,269,769
2,071,035	-	128,086	2,199,121
-	-	1,220,359	1,654,345
18,618	-	4,835	1,639,292
-	-	-	75,638
-	-	1,479,680	4,616,782
34,357	-	16,177	667,310
-	-	-	7,745,940
-	-	-	5,440,223
<u>\$ 8,434,708</u>	<u>\$ 808,848</u>	<u>\$ 5,804,899</u>	<u>\$ 60,308,420</u>
\$ 2,037,079	\$ 370,271	\$ 139,763	\$ 3,728,505
-	-	46,374	564,301
-	-	-	819,767
-	13,167	581,692	667,310
-	331,811	177,903	737,335
7,745,940	-	-	7,745,940
<u>9,783,019</u>	<u>715,249</u>	<u>945,732</u>	<u>14,263,158</u>
-	-	1,479,680	17,802,945
5,397,629	-	2,743,607	12,738,449
-	-	1,318,648	20,380,166
-	93,599	15,320	1,661,377
(6,745,940)	-	(698,088)	(6,537,675)
<u>(1,348,311)</u>	<u>93,599</u>	<u>4,859,167</u>	<u>46,045,262</u>
<u>\$ 8,434,708</u>	<u>\$ 808,848</u>	<u>\$ 5,804,899</u>	<u>\$ 60,308,420</u>

The accompanying notes are an integral part of these financial statements.



CITY OF CAMPBELL, CALIFORNIA

GOVERNMENTAL FUNDS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

June 30, 2011

Fund balances of governmental funds	\$ 46,045,262
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets have not been included as financial resources in governmental fund activity:	
Capital assets	96,147,779
Accumulated depreciation	(35,449,483)
Long term debt, compensated absences and claims payable that have not been included in governmental fund activity:	
Bonds payable	(42,480,072)
Compensated absences	(2,966,170)
Claims payable	(231,307)
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.	(515,707)
Other post employment benefit obligation liability has not been reported in the governmental fund activity.	(1,231,759)
Deferred revenue balances relating to certain receivables are not reported as liabilities in the Statement of Net Assets since revenue recognition is not based upon measurable and available criteria.	106,117
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets.	<u>4,636,361</u>
Net assets of governmental activities	<u><u>\$ 64,061,021</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF CAMPBELL, CALIFORNIA

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Fiscal year ended June 30, 2011

	General Fund	RDA Housing Special Revenue Fund	COP Debt Service Fund
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Property taxes	\$ 8,550,309	\$ 1,320,800	\$ -
Sales and use taxes	10,524,344	-	-
Other taxes	5,197,355	-	-
Special assessments	-	-	-
License and permits	1,828,631	-	-
Fines and forfeitures	394,275	-	-
Investment income	265,185	30,006	-
Rents and leases	2,090,195	16,609	-
Intergovernmental revenues	373,598	-	-
Charges for services	3,717,712	-	-
Project revenues	-	-	-
Donations	80,084	-	-
Parkland dedication fees	-	-	-
Miscellaneous	63,559	-	390,652
	<u>33,085,247</u>	<u>1,367,415</u>	<u>390,652</u>
Total revenues			
Expenditures:			
Current:			
General Government	4,204,006	-	-
Recreation	4,497,252	-	-
Community Development	1,253,601	-	-
Redevelopment	-	169,030	-
Public Safety	18,203,868	-	-
Public Works	3,420,001	-	-
Pass-through payments	-	-	-
Debt service:			
Principal	-	-	660,000
Interest	-	-	946,973
	<u>31,578,728</u>	<u>169,030</u>	<u>1,606,973</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>1,506,519</u>	<u>1,198,385</u>	<u>(1,216,321)</u>
Other financing sources (uses):			
Transfers in (Note 4)	1,380,635	-	943,081
Transfers out (Note 4)	<u>(2,149,196)</u>	<u>(98,028)</u>	<u>-</u>
Total other financing sources (uses)	<u>(768,561)</u>	<u>(98,028)</u>	<u>943,081</u>
Net change in fund balances	737,958	1,100,357	(273,240)
Fund balances at beginning of year	<u>20,969,558</u>	<u>11,886,994</u>	<u>8,019,180</u>
Fund balances at end of year	<u>\$ 21,707,516</u>	<u>\$ 12,987,351</u>	<u>\$ 7,745,940</u>

The accompanying notes are an integral part of these financial statements.

RDA Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total
\$ 5,283,202	\$ -	\$ 681,774	\$ 15,836,085
-	-	-	10,524,344
-	-	-	5,197,355
-	-	1,135,466	1,135,466
-	-	-	1,828,631
-	-	-	394,275
56,936	-	27,579	379,706
-	-	-	2,106,804
-	-	3,769,087	4,142,685
-	-	393,295	4,111,007
-	106,779	-	106,779
-	-	59,528	139,612
-	-	535,454	535,454
-	-	10,257	464,468
<u>5,340,138</u>	<u>106,779</u>	<u>6,612,440</u>	<u>46,902,671</u>
-	60,476	-	4,264,482
-	2,666,127	-	7,163,379
-	-	230,759	1,484,360
115,123	2,168,642	275,710	2,728,505
-	-	101,436	18,305,304
-	598,375	3,438,937	7,457,313
3,551,159	-	-	3,551,159
1,015,000	-	-	1,675,000
1,554,118	-	-	2,501,091
<u>6,235,400</u>	<u>5,493,620</u>	<u>4,046,842</u>	<u>49,130,593</u>
<u>(895,262)</u>	<u>(5,386,841)</u>	<u>2,565,598</u>	<u>(2,227,922)</u>
200,000	5,446,841	2,180,696	10,151,253
<u>(1,189,269)</u>	<u>-</u>	<u>(6,641,940)</u>	<u>(10,078,433)</u>
<u>(989,269)</u>	<u>5,446,841</u>	<u>(4,461,244)</u>	<u>72,820</u>
(1,884,531)	60,000	(1,895,646)	(2,155,102)
536,220	33,599	6,754,813	48,200,364
<u>\$ (1,348,311)</u>	<u>\$ 93,599</u>	<u>\$ 4,859,167</u>	<u>\$ 46,045,262</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CAMPBELL, CALIFORNIA

GOVERNMENTAL FUNDS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES**

Fiscal year ended June 30, 2011

Changes in fund balances of governmental funds \$ (2,155,102)

Amounts reported for governmental activities in the statement of activities
are different because:

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expenses, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital outlay 4,872,522
Depreciation expense (2,479,394)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 1,675,000

Accrued interest expense related to the long-term liabilities. This amount is the difference between the amount of interest paid and the amount of interest incurred on long-term liabilities. (97,089)

To record as an expense the net change in compensated absences in the Statement of Activities. 19,998

To record as an expense the claims payable amount in the Statement of Activities. (72,153)

To record as an expense the City's other post employment benefit obligation in the Statement of Activities. (305,837)

Revenues that are measurable but not available are recorded as deferred revenue under the modified accrual basis of accounting. (42,329)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net revenues (expenses) of the internal services funds is reported with governmental activities. (396,957)

Changes in net assets of governmental activities \$ 1,018,659

CITY OF CAMPBELL, CALIFORNIA

INTERNAL SERVICE FUNDS

Internal Service Funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services to other City funds be financed through user charges to those funds.

CITY OF CAMPBELL, CALIFORNIA

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

June 30, 2011

	<u>Governmental Activities Internal Service Funds</u>
Assets:	
Current assets:	
Cash and investments	\$ 5,325,813
Deposits	90,000
	<hr/>
Total current assets	5,415,813
Non-current assets:	
Capital assets, net of accumulated depreciation	835,735
	<hr/>
Total assets	6,251,548
	<hr/>
Liabilities:	
Current liabilities:	
Accounts payable	60,569
Accrued payroll	14,701
Compensated absences	28,419
Claims and judgements payable	1,511,498
	<hr/>
Total liabilities	1,615,187
	<hr/>
Net assets:	
Invested in capital assets	835,735
Unrestricted	3,800,626
	<hr/>
Total net assets	<u>\$ 4,636,361</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CAMPBELL, CALIFORNIA

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Fiscal year ended June 30, 2011

	Governmental Activities Internal Service Funds
Operating revenues:	
Charges for services	\$ 2,051,234
Other	32,556
	<hr/>
Total operating revenues	2,083,790
	<hr/>
Operating expenses:	
Operations	775,055
Service and supplies	1,284,739
Depreciation	348,133
	<hr/>
Total operating expenses	2,407,927
	<hr/>
Operating loss before transfers and contributions	(324,137)
	<hr/>
Transfers:	
Transfers in (Note 3)	2,080
Transfers out (Note 3)	(74,900)
	<hr/>
Total transfers	(72,820)
	<hr/>
Change in net assets	(396,957)
	<hr/>
Net assets at beginning of year	5,033,318
	<hr/>
Net assets at end of year	\$ 4,636,361
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

CITY OF CAMPBELL, CALIFORNIA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

Fiscal year ended June 30, 2011

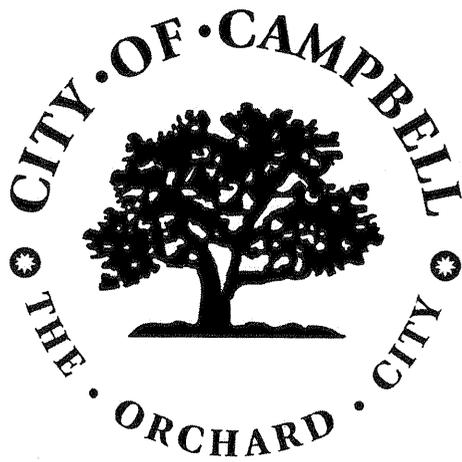
	Governmental Activities Internal Service Funds
Cash flows from operating activities:	
Cash received from department users	\$ 1,527,590
Cash payments to suppliers for goods and services	(689,219)
Cash payments to employees for services	(781,366)
	<hr/>
Net cash provided by operating activities	57,005
	<hr/>
Cash flows from non-capital and related financing activities:	
Cash received from other funds	2,080
Cash paid to other funds	(74,900)
	<hr/>
Net cash used for non-capital and related financing activities	(72,820)
	<hr/>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(68,315)
	<hr/>
Net cash used for capital and related financing activities	(68,315)
	<hr/>
Net decrease in cash and cash equivalents	(84,130)
	<hr/>
Cash and cash equivalents at beginning of year	5,409,943
	<hr/>
Cash and cash equivalents at end of year	\$ 5,325,813
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

CITY OF CAMPBELL, CALIFORNIA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
Fiscal year ended June 30, 2011

	Governmental Activities Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (324,137)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	348,133
(Increase) decrease in deposits	(30,000)
Increase (decrease) in accounts payable	(65,955)
Increase (decrease) in accrued payroll	(1,322)
Increase (decrease) in vacation and sick leave	(4,989)
Increase (decrease) in claims and judgments payable	135,275
Net cash provided by operating activities	\$ 57,005

There were no significant noncash investing or financing activities for the year ended June 30, 2011.



CITY OF CAMPBELL, CALIFORNIA

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

CITY OF CAMPBELL, CALIFORNIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2011

<u>Assets</u>	<u>Agency Funds</u>
Cash and investments (Note 3)	\$ 331,914
Accounts receivable	106,117
Taxes receivable	63
	<hr/>
Total assets	\$ 438,094
	<hr/> <hr/>
 <u>Liabilities</u>	
Accounts payable	\$ 3,339
Due to West Valley Solid Waste JPA	206,992
Due to bondholders	227,763
	<hr/>
Total liabilities	\$ 438,094
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

1. Summary of Significant Accounting Policies

The financial statements of the City of Campbell, California (City) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

(a) Reporting Entity

The **City of Campbell** was incorporated March 28, 1952, under the general laws of the State of California. The City operates under a Council Manager form of government providing such services as: public safety (police, contracted fire services, and building inspection), street and sidewalk maintenance, recreation, planning and zoning, and general administrative services. The accompanying financial statements present the activities of the City of Campbell (the primary government) and its component units, entities for which the City is financially accountable.

The **City of Campbell Redevelopment Agency** is a tax-increment redevelopment agency, the Board of which is composed of City Council Members. The Agency's purpose is to prepare and implement plans for improvement, rehabilitation, and development of certain areas within the City. Although legally separate, this Agency is so intertwined with the City that it is, in substance, one and the same. Accordingly, it is blended with the City in these financial statements. Separate Agency financial statements may be obtained from the City of Campbell at 70 North First Street, Campbell, CA 95008.

City of Campbell Lighting and Landscape District is a City-wide assessment district established in 1980 to provide lighting and landscape services and a funding source for these services. The District is governed by a Board composed of City Council members and lighting services are provided by City employees. Although legally separate, this District is so intertwined with the City that it is, in substance, one and the same. Accordingly, it is blended with the City in these financial statements. No separate financial statements are prepared for the District.

(b) Measurement Focus and Basis of Accounting

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting Research.

Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in preparation of the accompanying financial statements.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

1. Summary of Significant Accounting Policies, continued

(b) Measurement Focus and Basis of Accounting, continued

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. The City of Campbell has no discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the *economic resources measurement focus and accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services and payments made by parties outside the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental and proprietary funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

1. Summary of Significant Accounting Policies, continued

(b) Measurement Focus and Basis of Accounting, continued

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Revenue recognition is subject to the *measurable* and *available* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first.

Government-mandated and voluntary nonexchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered “available spendable resources,” since they do not represent net current assets.

Recognition of governmental fund type revenue represented by non-current receivables are deferred until they become current receivables. Non-current portions of long-term receivables are offset by fund balance reserve accounts.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

1. Summary of Significant Accounting Policies, continued

(b) Measurement Focus and Basis of Accounting, continued

Governmental Funds, continued

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an *other financing source* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Proprietary and Fiduciary Funds

The City's internal service funds are proprietary funds. In the fund financial statements, proprietary funds and fiduciary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability, rather than as an expenditure. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses.

(c) Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34.

The City reports the following major governmental funds:

General Fund accounts for resources traditionally associated with governments such as administration, engineering and public safety, which are not required to be accounted for in another fund.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

1. **Summary of Significant Accounting Policies, continued**

(c) Fund Classifications, continued

Redevelopment Agency Housing Special Revenue Fund - Accounts for twenty percent of the increased property tax revenues from the County of Santa Clara legally required to be set aside for low-and-moderate-income housing.

COP Debt Service Fund – Accounts for the City’s share of proceeds from and repayments of the 1997 and 2002 COP re-financing, which were utilized chiefly for the City’s Community Center and deferred street maintenance projects.

Redevelopment Agency Debt Service Fund - Account for payments of interest and principal on Redevelopment Agency’s debt, including the 2002 and 2005 Tax Allocation Bonds.

Capital Projects Fund – Accounts for the expenditures and financing of the City’s capital projects.

Additionally, the City reports the following fund types:

Internal Service Funds – These funds are used to account for motor vehicle pool, workers’ compensation self-funded insurance and information technology services. Departments of the City are charged for the services provided or benefits received from these funds.

Agency Funds - Used to account for monies held for the West Valley Solid Waste Management Authority and for the 1915 Act Bonds.

(d) Property Taxes

All property taxes and special assessments are levied and collected by the County of Santa Clara and paid upon collection to the various taxing entities including the City, Redevelopment Agency, and Lighting and Landscape District. Secured taxes are levied on July 1 and are due in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured taxes are due on July 1 and become delinquent on August 31. The lien date for secured and unsecured property taxes is January 1 of the preceding fiscal year.

The County is permitted by State law to levy taxes at 1% of full market value at time of purchase plus other increases approved by the voters, and can increase the assessed value no more than 2% per year. The City receives its proportionate share of this levy.

The City has adopted an alternative method of property tax distribution called the Teeter Plan. Under this method, the City receives 100% of its secured property tax levied in exchange for foregoing any interest and penalties collected on delinquent taxes. The City receives payments as a series of advances made by the County throughout the year. Secured property tax levy is recognized as revenue upon receipt, including the final payment, which generally is received within 60 days after the fiscal year end.

The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

1. Summary of Significant Accounting Policies, continued

(e) Cash and Investments

Investments are reported in the accompanying balance sheet and statement of net assets at fair value.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's quarterly average cash and investment balance.

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary fund's share in the cash and investment pool of the City of Campbell.

(f) Capital Assets

Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed fixed assets are valued at their estimated fair market value at the date of the contribution. Generally, the City capitalizes all infrastructures with a value greater than \$25,000. All other capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of more than one year. Capital assets include all public domain (infrastructure) assets consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

The following schedule summarizes capital asset useful lives:

Buildings and improvements	40 years
Other improvements	20 years
Machinery and equipment	3-7 years
Infrastructure	15-40 years

Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements and in the fund financial statements of the proprietary funds.

(g) Compensated Absences

Accrued vacation and sick leave are accrued as earned by employees. City employees may accrue vacation up to certain maximums as of December 31 of each calendar year, which vary depending on classification and years of service. Upon termination, they may be compensated for their vacation balance at current hourly rates. Similarly, sick leave may be accumulated without limit and employees may be compensated upon termination based on a vesting schedule determined by years of service, compensated at current hourly rates.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

1. Summary of Significant Accounting Policies, continued

(g) Compensated Absences, continued

For all governmental funds, a liability of these amounts is reported only if they have matured, for example, as a result of employee resignations and retirements. The remaining portion is recorded as a liability in the Statement of Net Assets. For Internal Service Funds, liabilities of these amounts are recorded liabilities of those funds.

Compensated absences are typically liquidated by the General Fund.

(h) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses, during the reporting period. Actual results could differ from those estimates.

2. Recent Changes in Legislation Affecting California Redevelopment Agencies

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend (effective July 1, 2011) nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program (VARP). Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the city "may use any available funds not otherwise obligated for other uses" to make this payment. The City of Campbell has determined it will not avail itself of the VARP.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

In the event that Assembly Bill X1 26 is upheld, it is the City's position, with respect to any previously loaned or advanced funds to the redevelopment agency, that these funds would be considered to be enforceable obligations which will continue to be collectible. Additionally, the City would be impacted by the elimination of reimbursements previously paid to the City by the redevelopment agency for shared administrative services.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that they violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that “the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012.” A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule (“EOPS”) by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule (“ROPS”) by September 30, 2011.

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule and draft Recognized Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in AB1X 26.

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that fiscal year are dependent upon the outcome of litigation surrounding the actions of the state.

3. Cash and Investments

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$ 41,595,584
Restricted cash and investments	2,199,121
Fiduciary funds:	
Cash and investments	331,914
Total cash and investments	 \$ 44,126,619

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

3. Cash and Investments, continued

Cash and investments as of June 30, 2011 consist of the following:

Cash on hand	\$ 2,250
Deposits with financial institutions	1,594,815
Investments	42,529,554
	44,126,619
Total cash and investments	\$ 44,126,619

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the Agency by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None	None
U.S. Agency Securities	5 years	None	75%	None
Federal Instrumentality (government sponsored enterprise)	5 years	None	75%	None
Repurchase Agreements	1 year	A/A-1	10%	None
Commercial Paper	270 days	*	25%	10%
Bankers' Acceptances	180 days	A-1 or P-1 or F- 1	30%	10%
Medium-Term Notes	5 years	AA or Aa2	10%	None
Non-negotiable Time Certificates of Deposits	5 years	None	25%	\$1 million
California Local Agency Investment Fund	N/A	None	None	\$40 million per account
Mutual Funds	Upon demand	AAAm or Aaa or AAA/V1+	15%	10%
Money Market Mutual Funds	Upon demand	AAAm or Aaa or AAA/V1+	15%	10%
Municipal and State Obligations	Upon demand	A/A-1	10%	None

* Must be rated A or better and have assets in excess of \$500,000,000.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

3. Cash and Investments, continued

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Bonds, Notes and Bills	5-7 Years	No Limit	No Limit	No Limit
US. Government Agency Obligations	5-7 Years	AAA	No Limit	No Limit
Time Certificates of Deposit - Banks or Savings and Loans	1 Year	None	No Limit	No Limit
Bankers' Acceptances	360 days	A1/P1	No Limit	No Limit
Commercial Paper	270 days		No Limit	No Limit
Repurchase Agreements	30 days - 7 Years	A	No Limit	No Limit
State of California Local Agency Investment Fund (LAIF)	Upon demand	No Limit	No Limit	\$40,000,000 per account
Money Market Funds	Upon demand	A	No Limit	10%
Investment Agreements	5-7 Years	A	No Limit	No Limit
Other Tax Exempt Obligations	7 Years	A	No Limit	No Limit
CAMP (California Asset Management Program)	No Limit	No Limit	No Limit	No Limit

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

3. Cash and Investments, continued

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity. For purposes of the schedule shown below, any callable securities are assumed to be held to maturity.

Investment Type	Remaining Maturity (in Months)				Total
	12 Months Or Less	13 to 24 Months	25-60 Months	More Than 60 Months	
<i>Available for Operations</i>					
U.S. Government					
Agency Obligations	\$ -	\$ 2,118,070	\$ 9,013,660	\$ -	\$ 11,131,730
California Local Agency					
Investment Fund	27,095,803	-	-	-	27,095,803
Corporate Note	2,102,900	-	-	-	2,102,900
<i>Restricted Cash and Investments</i>					
Money Market Funds	2,199,121	-	-	-	2,199,121
 Total Investments	 <u>\$ 31,397,824</u>	 <u>\$ 2,118,070</u>	 <u>\$ 9,013,660</u>	 <u>\$ -</u>	 42,529,554
 <i>Demand Deposits and Cash on Hand</i>					 <u>1,597,065</u>
<i>Total Cash and Investments</i>					 <u><u>\$ 44,126,619</u></u>

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

3. Cash and Investments, continued

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Investment Type	Amount
<i>AAA rated:</i>	
<i>Available for Operations:</i>	
U.S. Government Agency Obligations	\$ 11,131,730
<i>Restricted:</i>	
Money Market Funds	2,199,121
<i>AA+ rated:</i>	
<i>Available for Operations:</i>	
Corporate Note	2,102,900
<i>Not rated:</i>	
California Local Agency Investment Fund	27,095,803
<i>Exempt from credit rate disclosure:</i>	
Demand Deposits and Cash on Hand	1,597,065
Total Cash and Investments	\$ 44,126,619

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Reporting Unit	Reported Amount
Federal Home Loan Bank	Government Activities	\$ 9,069,340
Federal National Mortgage Association	Government Activities	1,062,600
Federal Farm Credit Bank	Government Activities	999,790
GE Capital Corporation	Government Activities	2,102,900

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

3. Cash and Investments, continued

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

For investments identified herein as held by fiscal agent, the trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

4. Interfund Transactions

(a) Current Interfund Balances

The current interfund outstanding balances result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances are normally repaid as they arise.

Current interfund balances are as follows:

Due to Fund	Due from Fund	Amount
General Fund	Capital Projects Fund	\$ 13,167
	Non-major Governmental funds	581,692
		<u>594,859</u>
RDA Housing Fund	General Fund	21,917
RDA Debt Service	General Fund	34,357
Non-major Governmental funds	General Fund	16,177
		<u>72,451</u>
Total		<u><u>\$ 667,310</u></u>

(b) Long-Term Interfund Advances

The Debt Service Fund has advanced funds to the RDA Debt Service Fund under the terms of a Third Amended and Restated Indebtedness Agreement. Principal is payable out of the excess of Agency tax increment revenues over other similar Agency liabilities and agreements. During the fiscal year ended June 30, 2011, the Agency paid \$273,240 in principal and \$390,652 in interest on these advances. As of June 30, 2011, the outstanding balance was \$7,745,940.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

4. Interfund Transactions, continued

(c) Transfers Between Funds

Transfers between funds during the fiscal year ended June 30, 2011 were as follows:

Transfer To	Transfer From	Amount
General Fund	RDA Housing Special Revenue Fund	\$ 61,601 (a)
	RDA Debt Service Fund	27,572 (b)
	Other Governmental Funds	1,216,562 (a) (b)
	Internal Service Funds	74,900 (a)
		1,380,635
COP Debt Service Fund	General Fund	543,081 (d)
	RDA Debt Service Fund	400,000 (c)
		943,081
RDA Debt Service Fund	General Fund	200,000 (c)
Capital Projects Fund	General Fund	401,240 (b)
	Other Governmental Funds	5,045,601 (b)
		5,446,841
Other Governmental Funds	General Fund	1,002,795 (b)
	RDA Housing Special Revenue Fund	36,427 (b)
	RDA Debt Service Fund	761,697 (b)
	Other Governmental Funds	379,777 (a) (b)
		2,180,696
Internal Service Funds	General Fund	2,080 (c)
		\$ 10,153,333

Interfund transfers were principally used for the following purposes:

- (a) Administrative Salaries & Overhead
- (b) Reimburse Program Expenditure
- (c) Reimburse Equipment Replacement Expenditure
- (d) Reimburse Debt Service Expenditure
- (e) Capital Project Funding

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

5. Loans Receivable

(a) First-Time Homebuyer Loan Program

The Redevelopment Agency engages in a first-time homebuyer down payment assistance program designed to encourage home ownership among low- and moderate-income households. Under this program, a loan up to \$50,000 is provided to eligible households to be used as part of the down payment for the purchase of home in the City of Campbell. These promissory notes are secured by second deeds of trust and are due thirty years from the date the property was purchased. The notes require a payback of principal plus an eight percent fee or an equity share payment, whichever is lower. The balance of the notes receivable arising from this program at June 30, 2011 was \$1,453,500.

(b) Housing Rehabilitation and Affordable Housing Loans

The Redevelopment Agency engages in programs designed to encourage construction or improvement in low- to moderate-income housing or other projects. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms. The balance of the loans receivable arising from these programs at June 30, 2011 was \$1,683,602.

(c) Rehabilitation Loans

The City administers a housing rehabilitation program using Housing and Community Development Act funds. Under the Program, individuals with incomes below a certain level are eligible to receive low or no interest loans, secured by deeds of trust, for construction work on their homes. Federal funds received by the City are deposited with a commercial bank. Upon approval of loans, the bank disburses the funds and arranges for and collects repayments.

During the year ended June 30, 2011, the City received \$72,044 from participants of this program, and made new loans totaling \$101,837. At June 30, 2011, the City had outstanding rehabilitation loans of \$1,479,680 in its Housing and Community Development Special Revenue Fund.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

6. Capital Assets

Capital asset activity for the year ended June 30, 2011 is as follows:

Governmental Activities

	Balances at July 1, 2010	Additions	Deletions	Transfers	Balances at June 30, 2011
Buildings and improvements	\$ 28,980,818	\$ -	\$ -	\$ 142,751	\$ 29,123,569
Other improvements	19,206,484	-	-	600,742	19,807,226
Machinery and equipment	8,501,195	189,472	(309,688)	-	8,380,979
Infrastructure	20,355,247	-	-	1,743,872	22,099,119
Total cost of depreciable assets	<u>77,043,744</u>	<u>189,472</u>	<u>(309,688)</u>	<u>2,487,365</u>	<u>79,410,893</u>
Less accumulated depreciation:					
Buildings and improvements	13,629,644	724,520	-	-	14,354,164
Other improvements	10,161,701	984,500	-	-	11,146,201
Machinery and equipment	6,881,922	435,751	(307,761)	-	7,009,912
Infrastructure	8,109,820	682,756	-	-	8,792,576
Total accumulated depreciation	<u>38,783,087</u>	<u>2,827,527</u>	<u>(307,761)</u>	<u>-</u>	<u>41,302,853</u>
Net depreciable assets	38,260,657	(2,638,055)	(1,927)	2,487,365	38,108,040
Capital assets, not depreciated:					
Land	16,285,095	-	-	-	16,285,095
Construction in progress	4,874,968	4,753,293	-	(2,487,365)	7,140,896
Capital assets, net	<u>\$ 59,420,720</u>	<u>\$ 2,115,238</u>	<u>\$ (1,927)</u>	<u>\$ -</u>	<u>\$ 61,534,031</u>

Depreciation expense, including \$348,133 relating to the internal service funds, was charged in the following functions in the Statement of Activities:

General Government	\$ 225,457
Recreation	313,082
Community Development	7,753
Redevelopment	877,904
Public Safety	166,960
Public Works	1,236,371
	<u>\$ 2,827,527</u>

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

7. Long-Term Liabilities

The following is a summary of the changes in the City's long-term liabilities for the year ended June 30, 2011:

	Balance at July 1, 2010	Additions/ Accretion	Deletions	Balance at June 30, 2011	Due Within One Year
1997 Certificates of Participation Civic Center Project	\$ 12,945,000	\$ -	\$ (55,000)	\$ 12,890,000	\$ 60,000
2002 Refunding Certificates of Participation; Civic Center Project	8,365,488	114,584	(605,000)	7,875,072	625,000
2002 RDA Tax Allocation Project Central Campbell Redevelopment Project	11,045,000	-	(890,000)	10,155,000	930,000
2005 RDA Tax Allocation Bonds, Series A; Central Campbell Redevelopment Project	11,685,000	-	(125,000)	11,560,000	130,000
Compensated Absences	3,019,576	1,890,860	(1,915,847)	2,994,589	1,245,329
Other Post Employment Benefits	925,922	578,000	(272,163)	1,231,759	-
Total	<u>\$ 47,985,986</u>	<u>\$ 2,583,444</u>	<u>\$ (3,863,010)</u>	<u>\$ 46,706,420</u>	<u>\$ 2,990,329</u>

(a) 1997 Certificates of Participation

The City's 1997 Refunding Certificates of Participation are due in October 2028 and bear interest at rates of 4.0% to 5.25%. The proceeds from the 1997 Certificates of Participation were used to advance refund the remaining outstanding balance on the City's 1991 Certificates of Participation (COP) and to fund the City's deferred street maintenance projects. Certificates maturing on or after October 1, 2008 are subject to optional prepayment by the City after this date. Principal and interest payments are guaranteed under an insurance policy issued by MBIA Insurance Corporation. Interest payments are due on April 1 and October 1 of each year. Under an agreement with the City, the Redevelopment Agency reimburses the City for approximately 42% of the City's debt service from these COPs.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

7. Long-Term Liabilities, continued

(b) 2002 Refunding Certificates of Participation

The City's 2002 Refunding Certificates of Participation are due in October 2032 and bear interest at rates of 2.5% to 5.83%. Net proceeds of \$9,678,751 from this issue were used to prepay and refund the City's 1993 Certificates of Participation with interest rates ranging from 3.0% to 6.0%. An additional \$1,830,975 of bond proceeds was used to provide partial funding for renovation and expansion of the City's Police Department and construction of an animal shelter. Interest payments are due on April 1 and October 1 of each year through October 1, 2032.

Certificates from the 2002 issue in the amount of \$5,195,000 maturing between October 1, 2012 and 2018 are subject to optional prepayment by the City on or after October 1, 2011 only on interest payment dates. The City has an agreement with the Campbell Redevelopment Agency for reimbursement of approximately 42% of the City's lease payment obligation from pledged property tax increment. Principal and interest payments are guaranteed under an insurance policy issued by Ambac Assurance Corporation. Capital Appreciation Bonds in the amount of \$5,000,000 is subject to optional redemption in whole or in part by the Agency anytime after October 1, 2022. Interest payments are due on April 1 and October 1 of each year through October 1, 2033. The unaccreted balance of the capital appreciation bonds is \$4,404,929 at June 30, 2011.

(c) 2002 Redevelopment Agency Tax Allocation Bonds

On July 10, 2002, the Agency issued the Central Campbell Redevelopment Project Tax Allocation Bonds, Series 2002A of \$15,300,000 with interest rates ranging from 2.75% to 6.0%, due October 1, 2033. The net proceeds of the bonds are being used to fund acquisition and construction of various redevelopment projects including the Community Center and Heritage Theatre renovations. Bonds are payable from and secured principally by tax increment revenues generated in the redevelopment area. Serial bonds in the amount of \$2,865,000 are subject to optional redemption in whole or in part by the Agency anytime after October 1, 2011.

(d) 2005 Redevelopment Agency Tax Allocation Bonds, Series A

On May 10, 2005, the Agency issued the Central Campbell Redevelopment Project Tax Allocation Bonds, Series A of \$12,300,000 with interest rates ranging from 3.0% to 5.0%, due October 1, 2032. The Bonds are payable from and secured principally by tax increment revenues generated in the redevelopment area. Net proceeds of the bonds were used to advance refund the remaining outstanding balance of the City's 1999 Redevelopment Agency Tax Allocation Bonds, Series A and B. As a result, \$12,037,854 were placed in an irrevocable trust to provide for future debt service payments of the defeased 1999 Bonds. Annual principal payments are due October 1 and semi-annual interest payments are due April 1 and October 1 of each year through October 1, 2032.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

7. **Long-Term Liabilities**, continued

(e) *Debt Service Requirements*

Annual debt service requirements (including unamortized accretion and excluding compensated absences) are shown below:

Certificates of Participation

Year ending June 30	Principal	Interest
2012	\$ 685,000	\$ 930,939
2013	715,000	903,624
2014	740,000	874,374
2015	775,000	842,774
2016	810,000	808,913
2017-2021	4,645,000	3,434,719
2022-2026	5,960,000	2,119,950
2027-2031	5,040,357	3,037,409
2032-2034	1,394,715	2,644,514
Total	<u>\$ 20,765,072</u>	<u>\$ 15,597,216</u>

Tax Allocation Bonds

Year ending June 30	Principal	Interest
2012	\$ 1,060,000	\$ 1,177,293
2013	300,000	1,198,068
2014	310,000	1,218,613
2015	325,000	1,248,888
2016	340,000	1,044,039
2017-2021	1,935,000	4,970,360
2022-2026	4,190,000	4,346,028
2027-2031	7,255,000	2,962,830
2032-2034	6,000,000	654,650
Total	<u>\$ 21,715,000</u>	<u>\$ 18,820,769</u>

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

8. Debt With No Government Commitment

(a) Special Assessment Debt

The City acts as agent for property owners of the Dillon-Gillman Local Improvement District which is a special assessment district. The City collects assessments, forwards the collections to bond holders and initiates foreclosure proceedings. However, the City is not directly liable for the repayment of special assessment district bonds, as such bonds and interest are secured by fixed lien assessments on real property in the special assessment district. The outstanding balance of special assessment debt at June 30, 2011 was \$85,000 and matures in 2012.

(b) Housing Facility Revenue Bonds

In 1994 the City of Campbell assisted in the issue of \$11,195,000 Housing Facility Revenue Bonds by Catholic Charities, a charitable organization. The City has no legal liability for this debt, and made no indication nor representation that it would assume any obligation in the event of a default. However, its name is associated with these bonds as “Issuer,” and the City directs the trustee regarding debt service and reserve requirements.

9. Development Agreements

(a) Home Depot Sales Tax Sharing

In the prior years, the Agency purchased and resold real property on which Home Depot built and operates a 120,000 square-foot retail store. The Agency also agreed to refund Home Depot up to \$200,000 annually of sales tax revenue collected on Home Depot sales, beginning in 1994 and extending through 2014, in order to make it economically feasible to locate the store in Campbell. As a result, refunds of \$200,000 were made during the fiscal year ended June 30, 2011.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

10. Net Assets and Fund Balances

(a) Net Assets

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* reflects net assets that are subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a *legally enforceable* requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor.
- *Unrestricted Net Assets* represents net assets of the City that are not restricted for any project or purpose.

(b) Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2011, fund balances for government funds are made up of the following:

- *Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance* – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. *Intent* is expressed by (1) the City Council or (b) a body (for example: a budget or finance committee) or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

10. Net Assets and Fund Balances, continued

(b) Fund Balances, continued

- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Fund balances for all the major and non-major governmental funds as of June 30, 2011, were distributed as follows:

	General Fund	RDA Housing Special Revenue Fund	COP Debt Service Fund	RDA Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Nonspendable							-
Advances	\$ -	\$ -	\$ 7,745,940	\$ -	\$ -	\$ -	\$ 7,745,940
Notes and loans receivable	-	3,137,102	-	-	-	1,479,680	4,616,782
Land Held for Resale	-	5,440,223	-	-	-	-	5,440,223
Total Nonspendable	<u>-</u>	<u>8,577,325</u>	<u>7,745,940</u>	<u>-</u>	<u>-</u>	<u>1,479,680</u>	<u>17,802,945</u>
Restricted							
LID Maintenance	32,756	-	-	-	-	-	32,756
Streets and Roads	-	-	-	-	-	1,382,586	1,382,586
Debt Services	-	-	-	5,397,629	-	-	5,397,629
Recreation services	-	-	-	-	-	867,187	867,187
Capital projects	-	-	-	-	-	370,724	370,724
Housing	-	4,564,457	-	-	-	123,110	4,687,567
Total Restricted	<u>32,756</u>	<u>4,564,457</u>	<u>-</u>	<u>5,397,629</u>	<u>-</u>	<u>2,743,607</u>	<u>12,738,449</u>
Committed							
General Plan Update	263,200	-	-	-	-	-	263,200
Advance to RDA	800,000	-	-	-	-	-	800,000
Compensated Absences	874,629	-	-	-	-	-	874,629
Economic Fluctuations	5,000,000	-	-	-	-	-	5,000,000
Liability Insurance	231,307	-	-	-	-	-	231,307
Capital Improvements Reserve	2,931,024	-	-	-	-	-	2,931,024
Capital Projects	4,639,478	-	-	-	-	-	4,639,478
Workers Compensation	500,000	-	-	-	-	-	500,000
Heritage Theater	375,232	-	-	-	-	-	375,232
Emergency	3,446,648	-	-	-	-	-	3,446,648
Other	-	-	-	-	-	1,318,648	1,318,648
Total Committed	<u>19,061,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,318,648</u>	<u>20,380,166</u>
Assigned							
Encumbrances	81,177	-	-	-	-	-	81,177
Capital projects	313,281	-	-	-	93,599	-	406,880
Unemployment Insurance	60,000	-	-	-	-	-	60,000
PERS/OPEB	1,098,000	-	-	-	-	-	1,098,000
Other	-	-	-	-	-	15,320	15,320
Total Assigned	<u>1,552,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,599</u>	<u>15,320</u>	<u>1,661,377</u>
Unassigned	<u>1,060,784</u>	<u>(154,431)</u>	<u>-</u>	<u>(6,745,940)</u>	<u>-</u>	<u>(698,088)</u>	<u>(6,537,675)</u>
Total Fund Balances	<u>\$ 2,645,998</u>	<u>\$ 12,987,351</u>	<u>\$ 7,745,940</u>	<u>\$ (1,348,311)</u>	<u>\$ 93,599</u>	<u>\$ 3,540,519</u>	<u>\$ 46,045,262</u>

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

10. Net Assets and Fund Balances, continued

(c) Fund Balance Classifications

In the fund financial statements, governmental funds report the following classifications: nonspendable, restricted, committed, assigned, and unassigned. The City Council, as the highest level of decision making authority for the City, has the ability to *commit* fund balances through the adoption of a formal resolution. The same action must be taken to modify or rescind the commitment. The City Council has approved a policy authorizing the City Manager to *assign* fund balances.

(d) Policies

The City considers restricted amounts to have been spent first when an expenditure is incurred for purposes of which both restricted and unrestricted fund balance is available. Additionally, the City considers committed amounts to have been spent first, assigned amounts to have been spent second, and unassigned amounts to have been spent last when an expenditure is incurred for purposes of which committed, assigned, and unassigned fund balance is available.

11. Defined Benefit Pension Plan (PERS)

The City of Campbell contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan for miscellaneous employees and a cost-sharing multiple-employer public employee defined benefit plan for safety employees. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial reports may be obtained from its executive office at 400 "Q" Street, Sacramento, California 95811.

Miscellaneous participants are required to contribute 7% or 8%, respectively, of their annual covered salary while safety participants contribute 9% of annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and City contract with employee bargaining groups.

For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2010 to June 30, 2011 has been determined by an actuarial valuation of the plan as of June 30, 2008. The contribution rate indicated for the period is 36.366% of payroll for the safety plan, and 10.911% of payroll for the miscellaneous plan. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2011, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2010 to June 30, 2011.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

11. Defined Benefit Pension Plan (PERS), continued

A summary of principle assumptions and methods used to determine the ARC is shown below.

	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
Valuation Date	June 30, 2008	June 30, 2008
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	20 Years as of the Valuation Date	16 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market	15 Year Smoothed Market
Actuarial Assumptions		
Investment Rate of Return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment	3.25% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%	3.00%
Payroll Growth	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0% and an annual production growth of 0.25%

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

11. Defined Benefit Pension Plan (PERS), continued

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30 year period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. The schedule of funding progress, presented below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Required Supplementary Information – Miscellaneous

Valuation Date	Entry Age		Liability (UAAL) (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
	Normal Accrued Liability	Actuarial Value of Assets				
6/30/08	\$ 54,837,002	52,504,205	2,332,797	95.80%	9,935,234	23.5%
6/30/09	63,022,309	55,693,090	7,329,219	88.40%	9,952,462	73.6%
6/30/10	65,761,816	58,729,586	7,032,230	89.30%	10,054,919	69.9%

Three-Year Trend Information

Fiscal Year	Annual Pension Cost (Employer Contribution)			Percentage of APC Contributed	Net Pension Obligation
	Safety	Miscellaneous			
6/30/09	\$ 1,656,279	1,072,023		100%	-
6/30/10	1,700,099	1,022,824		100%	-
6/30/11	1,790,257	1,159,400		100%	-

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

12. Other Retirement System

The Omnibus Budget Reconciliation Act of 1990 (OBRA) mandates that public sector employees who are not members of their employer’s existing retirement system as of January 1, 1992 be covered by either Social Security or an alternative plan. Effective July 1, 2004, the City contracted with the Public Agency Retirement System (PARS), a defined contribution plan. This Plan covers employees that are part-time, seasonal or temporary and all other employees that are not covered by another retirement system. All eligible employees covered by the Plan are fully vested. Employer liabilities are limited to the amount of current contributions.

Under PARS, employees contribute 6.2% and the City contributes 1.3% of the employees’ salary each pay period. For the fiscal year ending June 30, 2011, total contributions of \$116,278 were made based on covered compensation of \$1,550,313.

13. Post Employment Benefits Plan

Plan Description: The City administers a single-employer Retiree Award Program which provides medical insurance benefits on a reimbursement basis to eligible retirees in accordance with various labor agreements. The City pays up to \$325 per month for retiree only medical insurance premiums or the actual cost of the retiree premium, whichever is less. Eligible retirees must be retired from the City with at least 17 years of service with the City and be at least 50 years of age.

City’s Funding Policy: The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on the most recent actuarial study using a 10-year phase-in option.

The City has established a trust with the California Employers Retiree Benefit Trust for the purpose of holding assets accumulated for plan benefits. Copies of PERS’ annual financial reports for its OPEB Trust may be obtained from its executive office at 400 “Q” Street, Sacramento, California 95811.

Annual OPEB Cost and Net OPEB Obligation: The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation for these benefits:

Annual required contribution	\$	611,000
Interest on net OPEB obligation		49,000
Adjustment to annual required contribution		<u>(82,000)</u>
Annual OPEB cost (expense)		578,000
Contributions made (including premiums paid)		<u>(272,163)</u>
Increase in net OPEB obligation		305,837
Net OPEB obligation—beginning of year		925,922
Net OPEB obligation—end of year	\$	<u><u>1,231,759</u></u>

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

13. Post Employment Benefits Plan, continued

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$ 626,000	30%	\$ 435,142
6/30/10	\$ 697,000	30%	\$ 490,780
6/30/11	\$ 578,000	47%	\$ 305,837

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2011, was as follows:

Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL As a % of Payroll
1/1/2007	N/A	N/A	N/A	N/A	N/A	N/A
1/1/2008	\$ 6,167,000	\$ 117,991	\$ 6,049,009	2%	\$ 15,034,000	40%
1/1/2010	\$ 6,169,000	\$ 244,000	\$ 5,925,000	4%	\$ 14,965,000	40%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

13. Post Employment Benefits Plan, continued

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 7.75 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements of .8 percent per year to an ultimate rate of 4.5 percent after the seventh year. Both rates included a 3.0 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 3.25 percent per year.

14. Risk Management

(a) General Liability

Risk management activity for City exposure to torts (general liability) is accounted for as a liability on the Statement of Net Assets. The City is self-insured for the first \$100,000 of liability for each occurrence, and the excess (up to \$20,000,000) is covered through the City's participation in the Association of Bay Area Governments (ABAG) general liability risk pool. ABAG Plan also provides \$1,000,000 of employee theft coverage in the excess of the City's \$5,000 deductible.

The ABAG pool consists of thirty-one member agencies within the San Francisco Bay Area. The stated purpose of the ABAG pool is to provide certain levels of liability insurance coverage, claims management, risk management services, and legal defense to each participating city within the pool.

Each city was required to make an initial deposit premium based on an actuarial study of each City's risk exposure. The premium consists of a risk portion and administrative portion. The premium is revised each year based on claims experience and risk exposure.

(b) Workers' Compensation

The City has a risk financing fund to account for work related injuries and accidents to City employees. This fund is accounted for as an internal service fund in which assets are set aside for claim payments. Under the California Workers' Disability and Compensation laws, the City, as an employer, is permissibly self-insured for the first \$1,000,000 of claims arising from each occurrence. The City obtains excess Workers' Compensation insurance through a policy up to statutory limits. A premium is charged to each fund and program that budgets for part-time or full-time employees. The total charge allocated is based upon the percentage of each fund's current-year payroll as it relates to total payroll of the City.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. For the past three fiscal years, no claims were settled in excess of commercial insurance coverage.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

14. Risk Management, continued

(c) The City's Claims Liabilities

The City's liability for uninsured claims was estimated by management based on prior year claims experience, as follows:

	Workers' Compensation	General Liability	Total
Balance as of July 1, 2009	\$ 1,644,161	\$ 197,961	\$ 1,842,122
Liability for current year fiscal claims	452,000	10,574	462,574
Increase (decrease) in estimated liability	(469,404)	(11,135)	(480,539)
Claims paid	(250,534)	(38,246)	(288,780)
Balance as of June 30, 2010	<u>\$ 1,376,223</u>	<u>\$ 159,154</u>	<u>\$ 1,535,377</u>
Balance as of July 1, 2010	\$ 1,376,223	\$ 159,154	\$ 1,535,377
Liability for current year fiscal claims	277,000	59,050	336,050
Increase (decrease) in estimated liability	198,387	170,594	368,981
Claims paid	(340,112)	(157,491)	(497,603)
Balance as of June 30, 2011	<u>\$ 1,511,498</u>	<u>\$ 231,307</u>	<u>\$ 1,742,805</u>

15. Joint Powers Agreement

(a) Congestion Management Agency

The Congestion Management Agency was formed in 1991 by a joint exercise of powers agreement between the County of Santa Clara and each of the cities of Santa Clara County for the purpose of preparing, implementing, and administering a traffic congestion management plan pursuant to California Government Code Section 66531. The City's share of Agency assets, liabilities, and fund equity is approximately 2.10%.

The Agency financial statements are included as part of the Special Fund of the Santa Clara Valley Transportation Authority. Audited financial statements may be obtained at 3331 N. First Street, Building B-2, San Jose, CA 95134-1927.

(b) Silicon Valley Animal Control Authority

The City is a member of Silicon Valley Animal Control Authority, (the Authority), established in 2000 to deliver animal control services. The Authority provides its own field services and has an agreement with the Humane Society of Santa Clara Valley to provide facilities, personnel, shelter, and animal services. The Authority is governed by a Board of Directors consisting of representatives from member cities.

During the fiscal year ended June 30, 2011, the City contributed \$320,889 to the Authority for field services and sheltering costs. Audited financial statements are available from the Authority at 2340-A Walsh Avenue, Santa Clara, CA 95051.

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

15. Joint Powers Agreement, continued

(c) West Valley Solid Waste Management Authority

The West Valley Solid Waste Management Authority (the Authority) was formed on October 1, 1997 to implement and administer the West Valley Solid Waste Management Plan, manage rate studies, and negotiate the related contracts for members entities.

The Authority includes the cities of Campbell, Monte Sereno, Saratoga, and the Town of Los Gatos. The City of Campbell maintains the financial records and provides accounting services for the Authority.

16. Rental Income from Use of City Property

The City leases a portion of the space at its Community Center. Rental income from leases and facility rentals during the fiscal year ended June 30, 2011 amounted to \$2,051,609. Major tenants include John F. Kennedy University and Old Orchard School.

Minimum future lease rentals were as follows at June 30, 2011:

Year Ending June 30,	Amount
2012	\$ 1,062,200
2013	225,445
2014	100,675
Total minimum future lease rentals	\$ 1,388,320

17. Excess Expenditures over Appropriations

Expenditures exceeded budgeted appropriations in the following funds:

	Budget	Actual	Variance
Museum and Adult Center	\$ 100,000	\$ 101,436	\$ (1,436)

CITY OF CAMPBELL, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011

18. Contingent Liabilities

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

The City participates in Federal and State grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act Amendments of 1996 and applicable State requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CAMPBELL, CALIFORNIA

GENERAL FUND

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL**

Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Property taxes	\$ 8,977,000	\$ 8,537,000	\$ 8,550,309	\$ 13,309
Sales and use tax	9,330,000	9,830,000	10,524,344	694,344
Other taxes	4,459,000	4,711,000	5,197,355	486,355
Licenses and permits	1,528,500	1,738,500	1,828,631	90,131
Fines and forfeitures	375,500	375,500	394,275	18,775
Investment income	729,000	415,000	265,185	(149,815)
Rents and leases	2,168,370	2,111,570	2,090,195	(21,375)
Intergovernmental	426,853	375,853	373,598	(2,255)
Charges for services	3,810,109	3,664,209	3,717,712	53,503
Donations	77,700	77,700	80,084	2,384
Miscellaneous revenues	90,200	81,200	63,559	(17,641)
Total revenues	31,972,232	31,917,532	33,085,247	1,167,715
Expenditures:				
General Government	4,055,636	4,194,131	4,204,006	(9,875)
Recreation	4,716,121	4,643,603	4,497,252	146,351
Community Development	1,232,443	1,229,283	1,253,601	(24,318)
Public Safety	18,136,830	18,042,690	18,203,868	(161,178)
Public Works	3,511,751	3,586,141	3,420,001	166,140
Total expenditures	31,652,781	31,695,848	31,578,728	117,120
Excess of revenues over expenditures	319,451	221,684	1,506,519	1,284,835
Other financing sources (uses):				
Transfers in	1,374,988	1,392,888	1,380,635	(12,253)
Transfers out	(3,398,174)	(6,928,171)	(2,149,196)	4,778,975
Total other financing sources (uses):	(2,023,186)	(5,535,283)	(768,561)	4,766,722
Net change in fund balance	(1,703,735)	(5,313,599)	737,958	6,051,557
Fund balance at beginning of year	20,969,558	20,969,558	20,969,558	-
Fund balance at end of year	\$ 19,265,823	\$ 15,655,959	\$ 21,707,516	\$ 6,051,557

CITY OF CAMPBELL, CALIFORNIA
REDEVELOPMENT AGENCY HOUSING FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL

Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Property taxes	\$ 1,442,000	\$ 1,442,000	\$ 1,320,800	\$ (121,200)
Investment income	125,000	125,000	30,006	(94,994)
Rents and leases	-	-	16,609	16,609
Total revenues	<u>1,567,000</u>	<u>1,567,000</u>	<u>1,367,415</u>	<u>(199,585)</u>
Expenditures:				
Redevelopment	<u>1,426,015</u>	<u>1,939,980</u>	<u>169,030</u>	<u>1,770,950</u>
Total expenditures	<u>1,426,015</u>	<u>1,939,980</u>	<u>169,030</u>	<u>1,770,950</u>
Excess (deficiency) of revenues over expenditures	<u>140,985</u>	<u>(372,980)</u>	<u>1,198,385</u>	<u>1,571,365</u>
Other financing sources (uses):				
Transfers out	<u>(104,201)</u>	<u>(143,727)</u>	<u>(98,028)</u>	<u>45,699</u>
Total other financing sources (uses)	<u>(104,201)</u>	<u>(143,727)</u>	<u>(98,028)</u>	<u>45,699</u>
Net change in fund balance	36,784	(516,707)	1,100,357	1,617,064
Fund balance at beginning of year	<u>11,886,994</u>	<u>11,886,994</u>	<u>11,886,994</u>	<u>-</u>
Fund balance at end of year	<u>\$ 11,923,778</u>	<u>\$ 11,370,287</u>	<u>\$ 12,987,351</u>	<u>\$ 1,617,064</u>

CITY OF CAMPBELL, CALIFORNIA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Fiscal year ended June 30, 2011

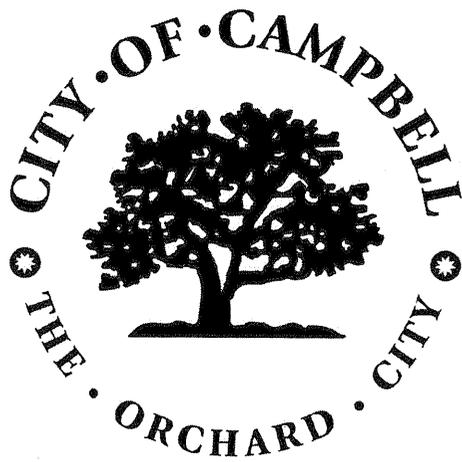
1. Budgets and Budgetary Data

The City adopts a budget annually for General Fund, Special Revenue, and Debt Service Funds. This budget is effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted by the City Council, and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during the fiscal year. Budget adjustments within the adopted budget of less than \$10,000, or requiring a transfer from reserves of less than \$5,000, may be approved by the City Manager; otherwise, City Council approval is required. All budget adjustments to capital projects must be approved by the City Council. The legal level of expenditure control is at the fund level. Any increase in appropriations at the fund level must be approved by City Council. All appropriations lapse at year end. During the fiscal year, supplemental adjustments to appropriations were adopted by City Council and have been included in the budget versus actual statements.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles, except for Capital Project Funds which budget on a project length basis and therefore are not comparable on an annual basis. Accordingly, no budgetary comparisons for Capital Project Funds are presented in the financial statements.

Under encumbrance accounting, purchase orders, contracts and other commitments of the expenditures are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of the formal budgetary process. Encumbrances outstanding at year-end lapse and must be reappropriated as part of the following year budget.

SUPPLEMENTARY SCHEDULES



CITY OF CAMPBELL, CALIFORNIA
MAJOR AND NON-MAJOR GOVERNMENTAL FUNDS

Non-Major Special Revenue Funds:

Gas Tax – Accounts for revenues and expenditures pertaining to the construction and maintenance of City streets.

Vehicle Impact Fees – Accounts for revenues and expenditures pertaining to street maintenance.

Parkland Dedication Fees – Accounts for Quimby Act monies received from developers and records expenditures related to development of designated areas.

Lighting and Landscaping District – Accounts for revenues and expenditures providing for City street lighting and landscaping.

Community Development Block Grant – Accounts for Federal Block Grant Funds used for community development, such as low-and-moderate home rehabilitation grants and loans.

Other Grants – Accounts for Federal, State and local grant funds which are provided for specific purposes.

Drug Enforcement Revenue – Accounts for revenues received through drug related asset seizures and any drug related convictions.

Environmental Services – Accounts for revenues received from developers and franchised garbage collection to be utilized for solid waste management and storm drain improvements.

Supplemental Law Enforcement – Accounts for revenues and expenditures pertaining to grants received for enhancing law enforcement services.

Museum and Adult Center – Accounts for donations received for expenditures related to the City's Museum and Adult Center.

Major Debt Service Funds:

COP Debt Service Fund – This fund accounts for the City's share of proceeds from and repayments of the 1997 and 2002 COP refinancing, which were utilized chiefly for the City's Community Center and deferred street maintenance projects.

RDA Debt Service Fund – This fund accounts for payment of interest and principal on the Redevelopment Agency's long-term obligations including the 2002 and 2005 Tax Allocation Bonds.

CITY OF CAMPBELL, CALIFORNIA
MAJOR AND NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

Major and Non-Major Capital Projects Funds:

Capital Projects Fund – Accounts for the expenditures and financing of the City’s capital projects.

2002 TAB RDA Capital Projects Fund - Accounts for expenditures of Redevelopment Agency projects.

COP Projects – Accounts for City share of remaining proceeds from the 1993 and 1997 COP refinancing to be used for City Community Center projects.

RDA Capital Projects – Accounts for proceeds related to the 2002 Tax Allocation Bonds used for the acquisition and construction of various redevelopment projects including the Community Center and Heritage Theater renovations.

CITY OF CAMPBELL, CALIFORNIA
COP DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Fiscal Year Ended June 30, 2011

	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:			
Miscellaneous revenues	\$ 663,892	\$ 390,652	\$ (273,240)
Total revenues	<u>663,892</u>	<u>390,652</u>	<u>(273,240)</u>
Expenditures:			
Debt service:			
Principal	660,000	660,000	-
Interest	947,004	946,973	31
Total expenditures	<u>1,607,004</u>	<u>1,606,973</u>	<u>31</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(943,112)</u>	<u>(1,216,321)</u>	<u>(273,209)</u>
Other financing sources (uses):			
Transfers in	<u>943,112</u>	<u>943,081</u>	<u>(31)</u>
Total other financing sources (uses)	<u>943,112</u>	<u>943,081</u>	<u>(31)</u>
Net change in fund balance	-	(273,240)	(273,240)
Fund balance at beginning of year	<u>8,019,180</u>	<u>8,019,180</u>	-
Fund balance at end of year	<u>\$ 8,019,180</u>	<u>\$ 7,745,940</u>	<u>\$ (273,240)</u>

CITY OF CAMPBELL, CALIFORNIA

RDA DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	\$ 5,768,338	\$ 5,283,202	\$ (485,136)
Investment income	125,000	56,936	(68,064)
	<u>5,893,338</u>	<u>5,340,138</u>	<u>(553,200)</u>
Total revenues			
Expenditures:			
Redevelopment	278,300	115,123	163,177
Pass-through payments	3,668,616	3,119,796	548,820
SERAF payment	515,000	431,363	83,637
Debt service:			
Principal	1,243,240	1,015,000	228,240
Interest	1,587,626	1,554,118	33,508
	<u>7,292,782</u>	<u>6,235,400</u>	<u>1,057,382</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(1,399,444)</u>	<u>(895,262)</u>	<u>504,182</u>
Other financing sources (uses):			
Transfers in	200,000	200,000	-
Transfers out	<u>(1,033,601)</u>	<u>(1,189,269)</u>	<u>(155,668)</u>
Total other financing sources (uses)	<u>(833,601)</u>	<u>(989,269)</u>	<u>(155,668)</u>
Net change in fund balance	(2,233,045)	(1,884,531)	348,514
Fund balance at beginning of year,	<u>536,220</u>	<u>536,220</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ (1,696,825)</u></u>	<u><u>\$ (1,348,311)</u></u>	<u><u>\$ 348,514</u></u>

CITY OF CAMPBELL, CALIFORNIA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Project revenues	\$ 892,689	\$ 106,779	\$ (785,910)
Total revenues	<u>892,689</u>	<u>106,779</u>	<u>(785,910)</u>
Expenditures:			
General Government	209,536	60,476	149,060
Recreation	75,671	2,666,127	(2,590,456)
Redevelopment	2,781,794	2,168,642	613,152
Public Works	15,679,650	598,375	15,081,275
Total expenditures	<u>18,746,651</u>	<u>5,493,620</u>	<u>13,253,031</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,853,962)</u>	<u>(5,386,841)</u>	<u>12,467,121</u>
Other financing sources (uses):			
Transfers in	18,383,962	5,446,841	(12,937,121)
Total other financing sources (uses)	<u>18,383,962</u>	<u>5,446,841</u>	<u>(12,937,121)</u>
Net change in fund balance	530,000	60,000	(470,000)
Fund balance at beginning of year	<u>33,599</u>	<u>33,599</u>	<u>-</u>
Fund balance at end of year	<u>\$ 563,599</u>	<u>\$ 93,599</u>	<u>\$ (470,000)</u>

CITY OF CAMPBELL, CALIFORNIA

COMBINING BALANCE SHEETS

NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2011

	Special Revenue Funds	Capital Projects Funds	Total
	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>			
Cash and investments	\$ 2,710,425	\$ 245,337	\$ 2,955,762
Restricted cash and investments	-	128,086	128,086
Taxes receivable	4,835	-	4,835
Accounts receivable	1,220,359	-	1,220,359
Notes and loans	1,479,680	-	1,479,680
Due from other funds	10,199	5,978	16,177
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 5,425,498</u>	<u>\$ 379,401</u>	<u>\$ 5,804,899</u>
 <u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 139,097	\$ 666	\$ 139,763
Accrued payroll	44,341	2,033	46,374
Due to other funds	581,692	-	581,692
Deferred revenue	177,903	-	177,903
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>943,033</u>	<u>2,699</u>	<u>945,732</u>
 Fund balances:			
Nonspendable	1,479,680	-	1,479,680
Restricted	2,372,883	370,724	2,743,607
Committed	1,318,648	-	1,318,648
Assigned	9,342	5,978	15,320
Unassigned	(698,088)	-	(698,088)
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>4,482,465</u>	<u>376,702</u>	<u>4,859,167</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 5,425,498</u>	<u>\$ 379,401</u>	<u>\$ 5,804,899</u>

CITY OF CAMPBELL, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NON-MAJOR GOVERNMENTAL FUNDS

Fiscal Year Ended June 30, 2011

	Special Revenue Funds	Capital Projects Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Property taxes	\$ 681,774	\$ -	\$ 681,774
Special assessments	1,135,466	-	1,135,466
Investment income	28,611	(1,032)	27,579
Intergovernmental	3,769,087	-	3,769,087
Charges for services	393,295	-	393,295
Donations	59,528	-	59,528
Parkland dedication fees	535,454	-	535,454
Miscellaneous revenues	9,277	980	10,257
	<u>6,612,492</u>	<u>(52)</u>	<u>6,612,440</u>
Total revenues			
Expenditures			
Current:			
Community Development	230,759	-	230,759
Redevelopment	-	275,710	275,710
Public Safety	101,436	-	101,436
Public Works	3,438,937	-	3,438,937
	<u>3,771,132</u>	<u>275,710</u>	<u>4,046,842</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>2,841,360</u>	<u>(275,762)</u>	<u>2,565,598</u>
Other financing sources (uses):			
Transfers in	1,513,999	666,697	2,180,696
Transfers out	(3,900,466)	(2,741,474)	(6,641,940)
	<u>(2,386,467)</u>	<u>(2,074,777)</u>	<u>(4,461,244)</u>
Total other financing sources (uses)			
Net change in fund balances	454,893	(2,350,539)	(1,895,646)
Fund balances at beginning of year	<u>4,027,572</u>	<u>2,727,241</u>	<u>6,754,813</u>
Fund balances at end of year	<u>\$ 4,482,465</u>	<u>\$ 376,702</u>	<u>\$ 4,859,167</u>

CITY OF CAMPBELL, CALIFORNIA

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2011

	<u>Gas Tax</u>	<u>Vehicle Impact Fees</u>	<u>Parkland Dedication Fees</u>	<u>Lighting and Landscaping District</u>	<u>Community Development Block Grant</u>
<u>Assets</u>					
Cash and investments	\$ 340,555	\$ 519,437	\$ 864,202	\$ 82,571	\$ 73,216
Taxes receivable	-	-	-	4,835	-
Accounts receivable	123,970	6,012	-	5,993	49,894
Notes and loans	-	-	-	-	1,479,680
Due from other funds	4,910	-	2,985	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 469,435</u>	<u>\$ 525,449</u>	<u>\$ 867,187</u>	<u>\$ 93,399</u>	<u>\$ 1,602,790</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 39,829	\$ -	\$ -	\$ 62,290	\$ 36,978
Accrued payroll	11,652	-	-	31,109	1,580
Due to other funds	-	-	-	-	97,014
Deferred revenue	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>51,481</u>	<u>-</u>	<u>-</u>	<u>93,399</u>	<u>135,572</u>
Fund balances (deficit):					
Nonspendable	-	-	-	-	1,479,680
Restricted	417,954	525,449	867,187	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(12,462)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>417,954</u>	<u>525,449</u>	<u>867,187</u>	<u>-</u>	<u>1,467,218</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 469,435</u>	<u>\$ 525,449</u>	<u>\$ 867,187</u>	<u>\$ 93,399</u>	<u>\$ 1,602,790</u>

Other Grants	Drug Enforcement Revenue	Environmental Services	Supplemental Law Enforcement	Museum and Adult Center	Total
\$ 183,796	\$ 9,342	\$ 419,810	\$ 75,000	\$ 142,496	\$ 2,710,425
-	-	-	-	-	4,835
739,725	-	269,765	25,000	-	1,220,359
-	-	-	-	-	1,479,680
65	-	1,282	340	617	10,199
<u>\$ 923,586</u>	<u>\$ 9,342</u>	<u>\$ 690,857</u>	<u>\$ 100,340</u>	<u>\$ 143,113</u>	<u>\$ 5,425,498</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,097
-	-	-	-	-	44,341
484,678	-	-	-	-	581,692
77,903	-	-	100,000	-	177,903
<u>562,581</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>943,033</u>
-	-	-	-	-	1,479,680
361,005	9,342	690,857	340	143,113	3,015,247
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(12,462)
<u>361,005</u>	<u>9,342</u>	<u>690,857</u>	<u>340</u>	<u>143,113</u>	<u>4,482,465</u>
<u>\$ 923,586</u>	<u>\$ 9,342</u>	<u>\$ 690,857</u>	<u>\$ 100,340</u>	<u>\$ 143,113</u>	<u>\$ 5,425,498</u>

CITY OF CAMPBELL, CALIFORNIA

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Fiscal Year Ended June 30, 2011

	Gas Tax	Vehicle Impact Fees	Parkland Dedication Fees	Lighting and Landscaping District	Community Development Block Grant
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ 681,774	\$ -
Special assessments	-	-	-	1,135,466	-
Investment income (loss)	9,071	-	4,023	1,457	10,573
Intergovernmental	1,059,853	292,967	-	6,889	135,462
Charges for services	-	-	-	7,800	65,241
Donations	-	-	-	-	-
Parkland dedication fees	-	-	535,454	-	-
Miscellaneous Revenues	2,419	-	5,000	1,604	254
Total revenues	1,071,343	292,967	544,477	1,834,990	211,530
Expenditures:					
Current:					
Community Development	-	-	-	-	230,759
Public Safety	-	-	-	-	-
Public Works	966,427	-	-	2,472,510	-
Total expenditures	966,427	-	-	2,472,510	230,759
Excess (deficiency) of revenues over (under) expenditures	104,916	292,967	544,477	(637,520)	(19,229)
Other financing sources (uses):					
Transfers in	302,052	-	-	737,520	36,427
Transfers out	(301,138)	-	(157,559)	(100,000)	-
Total other financing sources (uses)	914	-	(157,559)	637,520	36,427
Net change in fund balances	105,830	292,967	386,918	-	17,198
Fund balances at beginning of year	312,124	232,482	480,269	-	1,450,020
Fund balances at end of year	\$ 417,954	\$ 525,449	\$ 867,187	\$ -	\$ 1,467,218

Other Grants	Drug Enforcement Revenue	Environmental Services	Supplemental Law Enforcement	Museum and Adult Center	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 681,774
-	-	-	-	-	1,135,466
(93)	-	2,026	576	978	28,611
2,155,941	7,010	10,965	100,000	-	3,769,087
-	-	320,254	-	-	393,295
-	-	-	-	59,528	59,528
-	-	-	-	-	535,454
-	-	-	-	-	9,277
<u>2,155,848</u>	<u>7,010</u>	<u>333,245</u>	<u>100,576</u>	<u>60,506</u>	<u>6,612,492</u>
-	-	-	-	-	230,759
-	-	-	101,436	-	101,436
-	-	-	-	-	3,438,937
-	-	-	101,436	-	3,771,132
<u>2,155,848</u>	<u>7,010</u>	<u>333,245</u>	<u>(860)</u>	<u>60,506</u>	<u>2,841,360</u>
-	-	438,000	-	-	1,513,999
<u>(2,455,087)</u>	<u>(3,500)</u>	<u>(830,532)</u>	<u>-</u>	<u>(52,650)</u>	<u>(3,900,466)</u>
<u>(2,455,087)</u>	<u>(3,500)</u>	<u>(392,532)</u>	<u>-</u>	<u>(52,650)</u>	<u>(2,386,467)</u>
(299,239)	3,510	(59,287)	(860)	7,856	454,893
<u>660,244</u>	<u>5,832</u>	<u>750,144</u>	<u>1,200</u>	<u>135,257</u>	<u>4,027,572</u>
<u>\$ 361,005</u>	<u>\$ 9,342</u>	<u>\$ 690,857</u>	<u>\$ 340</u>	<u>\$ 143,113</u>	<u>\$ 4,482,465</u>

CITY OF CAMPBELL, CALIFORNIA

GAS TAX

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Investment income	\$ -	\$ 9,071	\$ 9,071
Intergovernmental	1,045,600	1,059,853	14,253
Miscellaneous revenues	2,500	2,419	(81)
	<u>1,048,100</u>	<u>1,071,343</u>	<u>23,243</u>
Expenditures:			
Current:			
Public Works	<u>1,070,697</u>	<u>966,427</u>	<u>104,270</u>
	<u>1,070,697</u>	<u>966,427</u>	<u>104,270</u>
Excess (deficiency) of revenues expenditures	<u>(22,597)</u>	<u>104,916</u>	<u>127,513</u>
Other financing sources (uses):			
Transfers in	299,000	302,052	3,052
Transfers out	<u>(534,252)</u>	<u>(301,138)</u>	<u>233,114</u>
Total other financing sources (uses)	<u>(235,252)</u>	<u>914</u>	<u>236,166</u>
Net change in fund balance	(257,849)	105,830	363,679
Fund balance at beginning of year	<u>312,124</u>	<u>312,124</u>	<u>-</u>
Fund balance at end of year	<u>\$ 54,275</u>	<u>\$ 417,954</u>	<u>\$ 363,679</u>

CITY OF CAMPBELL, CALIFORNIA

VEHICLE IMPACT FEES

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 200,000	\$ 292,967	\$ 92,967
Total revenues	200,000	292,967	92,967
Excess (deficiency) of revenues over (under) expenditures	200,000	292,967	92,967
Other financing sources (uses):			
Transfers out	(423,000)	-	423,000
Total other financing sources (uses)	(423,000)	-	423,000
Net change in fund balance	(223,000)	292,967	515,967
Fund balance at beginning of year	232,482	232,482	-
Fund balance at end of year	\$ 9,482	\$ 525,449	\$ 515,967

CITY OF CAMPBELL, CALIFORNIA

PARKLAND DEDICATION FEES

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Investment income	\$ -	\$ 4,023	\$ 4,023
Parkland dedication fees	-	535,454	535,454
Miscellaneous revenues	-	5,000	5,000
	<u> </u>	<u> </u>	<u> </u>
Total revenues	-	544,477	544,477
	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of revenues over (under) expenditures	-	544,477	544,477
	<u> </u>	<u> </u>	<u> </u>
Other financing sources (uses):			
Transfers out	(1,364,506)	(157,559)	1,206,947
	<u> </u>	<u> </u>	<u> </u>
Total other financing sources (uses)	(1,364,506)	(157,559)	1,206,947
	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	(1,364,506)	386,918	1,751,424
	<u> </u>	<u> </u>	<u> </u>
Fund balance at beginning of year	480,269	480,269	-
	<u> </u>	<u> </u>	<u> </u>
Fund balance (deficit) at end of year	\$ (884,237)	\$ 867,187	\$ 1,751,424
	<u> </u>	<u> </u>	<u> </u>

CITY OF CAMPBELL, CALIFORNIA
LIGHTING AND LANDSCAPING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	\$ 720,000	\$ 681,774	\$ (38,226)
Special assessments	1,140,000	1,135,466	(4,534)
Investment income	-	1,457	1,457
Intergovernmental	2,500	6,889	4,389
Charges for services	17,000	7,800	(9,200)
Miscellaneous revenues	15,000	1,604	(13,396)
Total revenues	<u>1,894,500</u>	<u>1,834,990</u>	<u>(59,510)</u>
Expenditures:			
Current:			
Public Works	<u>2,541,581</u>	<u>2,472,510</u>	<u>69,071</u>
Total expenditures	<u>2,541,581</u>	<u>2,472,510</u>	<u>69,071</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(647,081)</u>	<u>(637,520)</u>	<u>9,561</u>
Other financing sources (uses):			
Transfers in	732,662	737,520	4,858
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>632,662</u>	<u>637,520</u>	<u>4,858</u>
Net change in fund balance	(14,419)	-	14,419
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (14,419)</u>	<u>\$ -</u>	<u>\$ 14,419</u>

CITY OF CAMPBELL, CALIFORNIA
COMMUNITY DEVELOPMENT BLOCK GRANT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ -	\$ 10,573	\$ 10,573
Intergovernmental	135,452	135,462	10
Charges for services	60,082	65,241	5,159
Miscellaneous revenues	-	254	254
Total revenues	<u>195,534</u>	<u>211,530</u>	<u>15,996</u>
Expenditures:			
Current:			
Community Development	<u>396,056</u>	<u>230,759</u>	<u>165,297</u>
Total expenditures	<u>396,056</u>	<u>230,759</u>	<u>165,297</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(200,522)</u>	<u>(19,229)</u>	<u>181,293</u>
Other financing sources (uses):			
Transfers in	<u>42,600</u>	<u>36,427</u>	<u>(6,173)</u>
Total other financing sources (uses)	<u>42,600</u>	<u>36,427</u>	<u>(6,173)</u>
Net change in fund balance	(157,922)	17,198	175,120
Fund balance at beginning of year	<u>1,450,020</u>	<u>1,450,020</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 1,292,098</u></u>	<u><u>\$ 1,467,218</u></u>	<u><u>\$ 175,120</u></u>

CITY OF CAMPBELL, CALIFORNIA

OTHER GRANTS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Investment income (loss)	\$ -	\$ (93)	\$ (93)
Intergovernmental	6,958,072	2,155,941	(4,802,131)
	<u> </u>	<u> </u>	<u> </u>
Total revenues	6,958,072	2,155,848	(4,802,224)
	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of revenues over (under) expenditures	6,958,072	2,155,848	(4,802,224)
	<u> </u>	<u> </u>	<u> </u>
Other financing sources (uses):			
Transfers out	(8,271,399)	(2,455,087)	5,816,312
	<u> </u>	<u> </u>	<u> </u>
Total other financing sources (uses)	(8,271,399)	(2,455,087)	5,816,312
	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	(1,313,327)	(299,239)	1,014,088
	<u> </u>	<u> </u>	<u> </u>
Fund balance at beginning of year	660,244	660,244	-
	<u> </u>	<u> </u>	<u> </u>
Fund balance at end of year	\$ (653,083)	\$ 361,005	\$ 1,014,088
	<u> </u>	<u> </u>	<u> </u>

CITY OF CAMPBELL, CALIFORNIA

DRUG ENFORCEMENT REVENUE

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 3,500	\$ 7,010	\$ 3,510
	<u> </u>	<u> </u>	<u> </u>
Total revenues	3,500	7,010	3,510
	<u> </u>	<u> </u>	<u> </u>
Other financing sources (uses):			
Transfers out	(3,500)	(3,500)	-
	<u> </u>	<u> </u>	<u> </u>
Total other financing sources (uses)	(3,500)	(3,500)	-
	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	-	3,510	3,510
	<u> </u>	<u> </u>	<u> </u>
Fund balance at beginning of year	5,832	5,832	-
	<u> </u>	<u> </u>	<u> </u>
Fund balance at end of year	\$ 5,832	\$ 9,342	\$ 3,510
	<u> </u>	<u> </u>	<u> </u>

CITY OF CAMPBELL, CALIFORNIA

ENVIRONMENTAL SERVICES

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Investment income	\$ -	\$ 2,026	\$ 2,026
Intergovernmental	5,000	10,965	5,965
Charges for services	268,800	320,254	51,454
Miscellaneous revenues	57,000	-	(57,000)
	<u>330,800</u>	<u>333,245</u>	<u>2,445</u>
Total revenues			
Excess (deficiency) of revenues over (under) expenditures	<u>330,800</u>	<u>333,245</u>	<u>2,445</u>
Other financing sources (uses):			
Transfers in	438,000	438,000	-
Transfers out	(992,479)	(830,532)	161,947
	<u>(554,479)</u>	<u>(392,532)</u>	<u>161,947</u>
Total other financing sources and (uses)			
Net change in fund balance	(223,679)	(59,287)	164,392
Fund balance at beginning of year	<u>750,144</u>	<u>750,144</u>	<u>-</u>
Fund balance at end of year	<u>\$ 526,465</u>	<u>\$ 690,857</u>	<u>\$ 164,392</u>

CITY OF CAMPBELL, CALIFORNIA
SUPPLEMENTAL LAW ENFORCEMENT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ -	\$ 576	\$ 576
Intergovernmental	100,000	100,000	-
Total revenues	<u>100,000</u>	<u>100,576</u>	<u>576</u>
Expenditures:			
Current:			
Public Safety	<u>100,000</u>	<u>101,436</u>	<u>(1,436)</u>
Total expenditures	<u>100,000</u>	<u>101,436</u>	<u>(1,436)</u>
Excess (deficiency) of revenues over (under) expenditures	-	(860)	(860)
Fund balance at beginning of year	<u>1,200</u>	<u>1,200</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 1,200</u></u>	<u><u>\$ 340</u></u>	<u><u>\$ (860)</u></u>

CITY OF CAMPBELL, CALIFORNIA
MUSEUM AND ADULT CENTER
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ -	\$ 978	\$ 978
Donations	47,548	59,528	11,980
Total revenues	47,548	60,506	12,958
Excess (deficiency) of revenues over (under) expenditures	47,548	60,506	12,958
Other financing sources (uses):			
Transfers out	(52,650)	(52,650)	-
Total other financing sources (uses)	(52,650)	(52,650)	-
Net change in fund balance	(5,102)	7,856	12,958
Fund balance at beginning of year	135,257	135,257	-
Fund balance at end of year	\$ 130,155	\$ 143,113	\$ 12,958

CITY OF CAMPBELL, CALIFORNIA
NON-MAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

June 30, 2011

	2002 TAB RDA Capital Projects	COP Projects	RDA Capital Projects	Total
<u>Assets</u>				
Cash and investments	\$ 187,060	12,326	\$ 45,951	\$ 245,337
Restricted cash and investments	-	128,086	-	128,086
Due from other funds	5,941	-	37	5,978
	<u>5,941</u>	<u>-</u>	<u>37</u>	<u>5,978</u>
Total assets	<u>\$ 193,001</u>	<u>\$ 140,412</u>	<u>\$ 45,988</u>	<u>\$ 379,401</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 666	\$ 666
Accrued payroll	-	-	2,033	2,033
	<u>-</u>	<u>-</u>	<u>2,033</u>	<u>2,033</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>2,699</u>	<u>2,699</u>
Fund balances:				
Restricted	187,060	140,412	43,252	370,724
Assigned	5,941	-	37	5,978
	<u>187,060</u>	<u>140,412</u>	<u>43,289</u>	<u>370,724</u>
Total fund balances	<u>193,001</u>	<u>140,412</u>	<u>43,289</u>	<u>376,702</u>
Total liabilities and fund balances	<u>\$ 193,001</u>	<u>\$ 140,412</u>	<u>\$ 45,988</u>	<u>\$ 379,401</u>

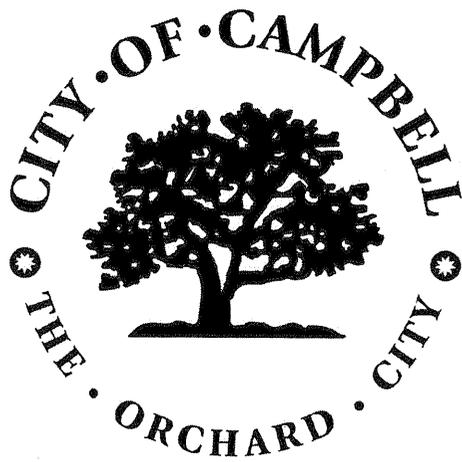
CITY OF CAMPBELL, CALIFORNIA

NON-MAJOR CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Fiscal Year Ended June 30, 2011

	2002 TAB RDA Capital Projects	COP Projects	RDA Capital Projects	Total
Revenues:				
Investment income	\$ 2,258	\$ -	\$ (3,290)	\$ (1,032)
Miscellaneous revenues	-	-	980	980
Total revenues	<u>2,258</u>	<u>-</u>	<u>(2,310)</u>	<u>(52)</u>
Expenditures:				
Redevelopment	-	-	275,710	275,710
Total expenditures	<u>-</u>	<u>-</u>	<u>275,710</u>	<u>275,710</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,258</u>	<u>-</u>	<u>(278,020)</u>	<u>(275,762)</u>
Other financing sources (uses):				
Transfers in	-	-	666,697	666,697
Transfers out	<u>(2,383,400)</u>	<u>-</u>	<u>(358,074)</u>	<u>(2,741,474)</u>
Total other financing sources (uses)	<u>(2,383,400)</u>	<u>-</u>	<u>308,623</u>	<u>(2,074,777)</u>
Net change in fund balance	(2,381,142)	-	30,603	(2,350,539)
Fund balances at beginning of year	<u>2,574,143</u>	<u>140,412</u>	<u>12,686</u>	<u>2,727,241</u>
Fund balances at end of year	<u><u>\$ 193,001</u></u>	<u><u>\$ 140,412</u></u>	<u><u>\$ 43,289</u></u>	<u><u>\$ 376,702</u></u>



CITY OF CAMPBELL, CALIFORNIA

INTERNAL SERVICE FUNDS

Accounts for goods or services provided to other departments of the City where the intent of the City is that the costs of these goods or services are to be recovered through interdepartmental charges at the time that the goods are delivered or the services rendered to those departments.

Motor Vehicle Pool

Accounts for the costs of operating, maintaining and replacing vehicle and other equipment used by City departments. Rental rates charged to user departments include costs and equipment depreciation.

Workers' Compensation Self-Insurance

Accounts for revenues derived from charges made to operating departments at rates based on the State Compensation Fund, annually adjusted to ensure an adequate reserve for future claims. This fund is charged for administrative costs of settling claims as well as material and other costs of job related illness or injury.

Information Technology Services

Accounts for the costs of operating, maintaining, and replacing computer hardware and software. Rental rates charged to the user departments include operating costs and equipment depreciation.

CITY OF CAMPBELL, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS

June 30, 2011

<u>Assets</u>	Motor Vehicle Pool	Workers' Compensation Self-Insurance	Information Technology Services	Totals
Current assets:				
Cash and investments	\$ 690,017	\$ 3,090,270	\$ 1,545,526	\$ 5,325,813
Deposits	-	90,000	-	90,000
Total current assets	<u>690,017</u>	<u>3,180,270</u>	<u>1,545,526</u>	<u>5,415,813</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation	<u>591,357</u>	<u>-</u>	<u>244,378</u>	<u>835,735</u>
Total assets	<u>1,281,374</u>	<u>3,180,270</u>	<u>1,789,904</u>	<u>6,251,548</u>
<u>Liabilities and Net Assets</u>				
Current liabilities:				
Accounts payable	2,924	44,012	13,633	60,569
Accrued payroll	5,794	-	8,907	14,701
Noncurrent liabilities:				
Compensated absences	7,719	-	20,700	28,419
Claims and judgements payable	<u>-</u>	<u>1,511,498</u>	<u>-</u>	<u>1,511,498</u>
Total liabilities	<u>16,437</u>	<u>1,555,510</u>	<u>43,240</u>	<u>1,615,187</u>
Net assets:				
Invested in capital assets	591,357	-	244,378	835,735
Unrestricted	<u>673,580</u>	<u>1,624,760</u>	<u>1,502,286</u>	<u>3,800,626</u>
Total net assets	<u>\$ 1,264,937</u>	<u>\$ 1,624,760</u>	<u>\$ 1,746,664</u>	<u>\$ 4,636,361</u>

CITY OF CAMPBELL, CALIFORNIA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Fiscal Year Ended June 30, 2011

	Motor Vehicle Pool	Workers' Compensation Self-Insurance	Information Technology Services	Totals
Operating revenues:				
Charges for services	\$ 856,183	\$ 393,051	\$ 802,000	\$ 2,051,234
Other	30,486	-	2,070	32,556
Total operating revenues	<u>886,669</u>	<u>393,051</u>	<u>804,070</u>	<u>2,083,790</u>
Operating expenses:				
Personnel services	245,429	35,160	494,466	775,055
Services and supplies	492,750	526,200	265,789	1,284,739
Depreciation	231,238	-	116,895	348,133
Total operating expenses	<u>969,417</u>	<u>561,360</u>	<u>877,150</u>	<u>2,407,927</u>
Operating loss	<u>(82,748)</u>	<u>(168,309)</u>	<u>(73,080)</u>	<u>(324,137)</u>
Loss before transfers and capital contributions	<u>(82,748)</u>	<u>(168,309)</u>	<u>(73,080)</u>	<u>(324,137)</u>
Transfers and capital contributions:				
Transfers in	-	-	2,080	2,080
Transfers out	(50,000)	-	(24,900)	(74,900)
Total transfers and capital contributions	<u>(50,000)</u>	<u>-</u>	<u>(22,820)</u>	<u>(72,820)</u>
Change in net assets	(132,748)	(168,309)	(95,900)	(396,957)
Net assets at beginning of year	<u>1,397,685</u>	<u>1,793,069</u>	<u>1,842,564</u>	<u>5,033,318</u>
Net assets at end of year	<u>\$ 1,264,937</u>	<u>\$ 1,624,760</u>	<u>\$ 1,746,664</u>	<u>\$ 4,636,361</u>

CITY OF CAMPBELL, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2011

	Motor Vehicle Pool	Workers' Compensation Self-Insurance	Information Technology Services	Totals
Cash flows from operating activities:				
Cash received from department users	\$ 886,669	\$ (163,149)	\$ 804,070	\$ 1,527,590
Cash payments to suppliers of goods and services	(525,218)	118,775	(282,776)	(689,219)
Cash payments to employees for services	(247,720)	(35,160)	(498,486)	(781,366)
Net cash provided by (used for) operating activities	113,731	(79,534)	22,808	57,005
Cash flows from non-capital financing activities:				
Cash received from other funds	-	-	2,080	2,080
Cash paid to other funds	(50,000)	-	(24,900)	(74,900)
Net cash used for non-capital and related activities	(50,000)	-	(22,820)	(72,820)
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(68,315)	-	-	(68,315)
Net cash used for capital and related financing activities	(68,315)	-	-	(68,315)
Net decrease in cash and cash equivalents	(4,584)	(79,534)	(12)	(84,130)
Cash and cash equivalents at beginning of year	694,601	3,169,804	1,545,538	5,409,943
Cash and cash equivalents at end of year	\$ 690,017	\$ 3,090,270	\$ 1,545,526	\$ 5,325,813

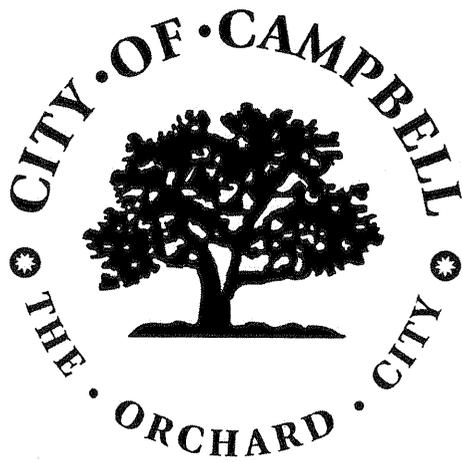
CITY OF CAMPBELL, CALIFORNIA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

Fiscal Year Ended June 30, 2011

	<u>Motor Vehicle Pool</u>	<u>Workers' Compensation Self-Insurance</u>	<u>Information Technology Services</u>	<u>Totals</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating loss	\$ (82,748)	\$ (168,309)	\$ (73,080)	\$ (324,137)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	231,238	-	116,895	348,133
(Increase) decrease in deposits	-	(30,000)	-	(30,000)
Increase (decrease) in accounts payable	(32,468)	(16,500)	(16,987)	(65,955)
Increase (decrease) in accrued payroll	(251)	-	(1,071)	(1,322)
Increase (decrease) in compensated absences	(2,040)	-	(2,949)	(4,989)
Increase (decrease) in claims and judgments	-	135,275	-	135,275
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used for) operating activities	<u>\$ 113,731</u>	<u>\$ (79,534)</u>	<u>\$ 22,808</u>	<u>\$ 57,005</u>



CITY OF CAMPBELL, CALIFORNIA

FIDUCIARY FUNDS

Accounts for assets held by the City on behalf of other organizations.

West Valley Solid Waste Management Authority

Accounts for the monies of the West Valley Solid Waste Management Authority. The City acts as custodian for the operating resources of the entity.

1915 Act Bonds

Accounts for the assessments received and the payment of principal and interest under the Improvement Bond Act of 1915.

CITY OF CAMPBELL, CALIFORNIA

AGENCY FUNDS

COMBINING BALANCE SHEET

June 30, 2011

	West Valley Solid Waste Management Authority	1915 Act Bonds	Totals
	<hr/>	<hr/>	<hr/>
<u>Assets</u>			
Cash and investments	\$ 210,331	\$ 121,583	\$ 331,914
Accounts receivable	-	106,117	106,117
Taxes receivable	-	63	63
	<hr/>	<hr/>	<hr/>
Total assets	<u>210,331</u>	<u>\$ 227,763</u>	<u>\$ 438,094</u>
<u>Liabilities</u>			
Accounts payable	\$ 3,339	\$ -	\$ 3,339
Due to West Valley Solid Waste JPA	206,992	-	206,992
Due to bondholders	-	227,763	227,763
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 210,331</u>	<u>\$ 227,763</u>	<u>\$ 438,094</u>

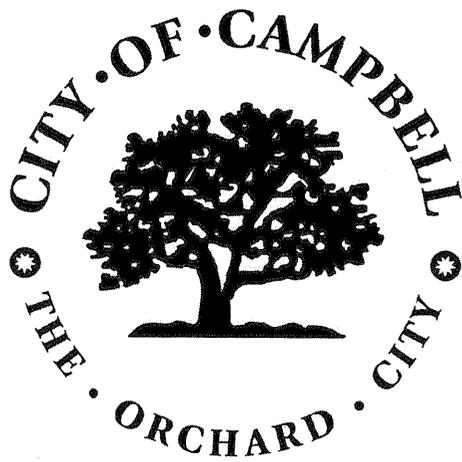
CITY OF CAMPBELL, CALIFORNIA

AGENCY FUNDS

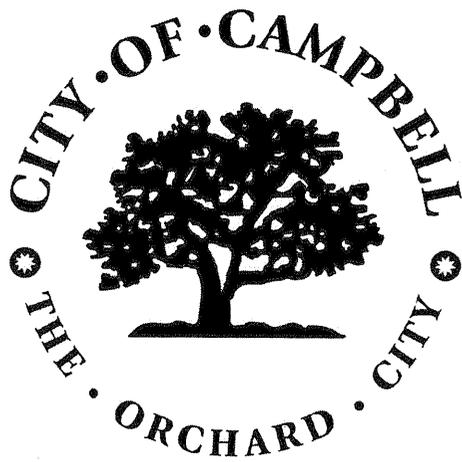
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Fiscal Year Ended June 30, 2011

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
<i>West Valley Solid Waste Management Authority</i>				
Assets:				
Restricted cash and investments	\$ 170,837	\$ 114,666	\$ 75,172	\$ 210,331
Accounts receivable	-	69,661	69,661	-
Total assets	<u>\$ 170,837</u>	<u>\$ 184,327</u>	<u>\$ 144,833</u>	<u>\$ 210,331</u>
Liabilities:				
Accounts payable	\$ 8,497	\$ 63,496	\$ 68,654	\$ 3,339
Due to West Valley Solid Waste JPA	162,340	120,831	76,179	206,992
Total liabilities	<u>\$ 170,837</u>	<u>\$ 184,327</u>	<u>\$ 144,833</u>	<u>\$ 210,331</u>
<i>1915 Act Bonds</i>				
Assets:				
Restricted cash and investments	\$ 118,493	\$ 49,790	\$ 46,700	\$ 121,583
Accounts receivable	148,446	-	42,329	106,117
Taxes receivable	204	63	204	63
Total Assets	<u>\$ 267,143</u>	<u>\$ 49,853</u>	<u>\$ 89,233</u>	<u>\$ 227,763</u>
Liabilities:				
Accounts payable	\$ 56	\$ 3,217	\$ 3,273	\$ -
Due to bondholders	267,087	46,636	85,960	227,763
Total liabilities	<u>\$ 267,143</u>	<u>\$ 49,853</u>	<u>\$ 89,233</u>	<u>\$ 227,763</u>
<i>Total Agency Funds</i>				
Assets:				
Restricted cash and investments	\$ 289,330	\$ 164,456	\$ 121,872	\$ 331,914
Accounts receivable	148,446	69,661	111,990	106,117
Taxes receivable	204	63	204	63
Total Assets	<u>\$ 437,980</u>	<u>\$ 234,180</u>	<u>\$ 234,066</u>	<u>\$ 438,094</u>
Liabilities:				
Accounts payable	\$ 8,553	\$ 66,713	\$ 71,927	\$ 3,339
Payable to West Valley Solid Waste JPA	162,340	120,831	76,179	206,992
Due to bondholders	267,087	46,636	85,960	227,763
Total Liabilities	<u>\$ 437,980</u>	<u>\$ 234,180</u>	<u>\$ 234,066</u>	<u>\$ 438,094</u>



STATISTICAL SECTION



CITY OF CAMPBELL

STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time:

1. Net Assets by Component
2. Changes in Net Assets
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Principal Property Taxpayers
4. Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Bonded Debt Pledged Revenue Coverage, Redevelopment Agency Tax Allocation Bonds

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Top Ten Principal Employers

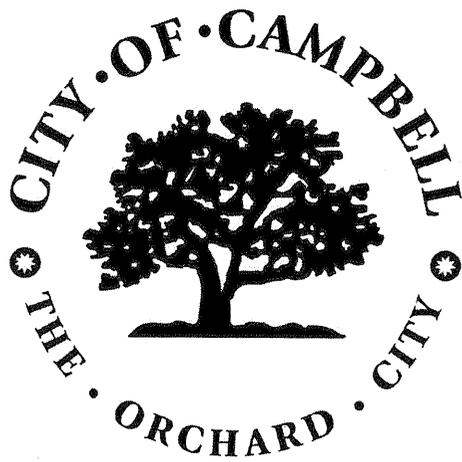
Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

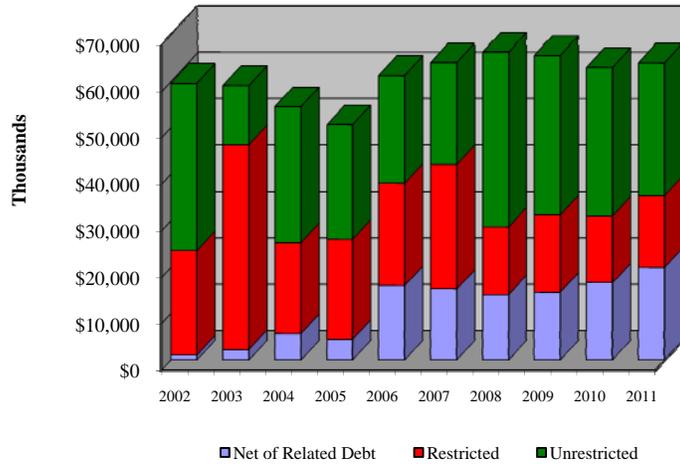
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.



CITY OF CAMPBELL
Net Assets by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)



	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
Governmental activities					(A)
Invested in capital assets, net of related debt	\$1,083,197	\$2,291,074	\$5,703,594	\$4,418,382	\$16,051,887
Restricted	22,531,107	44,115,595	19,654,944	21,632,981	22,030,785
Unrestricted	36,046,470	12,777,536	29,225,563	24,595,115	23,247,960
Total governmental activities net assets	\$59,660,774	\$59,184,205	\$54,584,101	\$50,646,478	\$61,330,632
Primary government					
Invested in capital assets, net of related debt	\$1,083,197	\$2,291,074	\$5,703,594	\$4,418,382	\$16,051,887
Restricted	22,531,107	44,115,595	19,654,944	21,632,981	22,030,785
Unrestricted	36,046,470	12,777,536	29,225,563	24,595,115	23,247,960
Total primary government net assets	\$59,660,774	\$59,184,205	\$54,584,101	\$50,646,478	\$61,330,632
	Fiscal Year Ended June 30,				
	2007	2008	2009	2010	2011
Governmental activities					
Invested in capital assets, net of related debt	\$15,281,718	\$14,093,995	\$14,625,860	\$16,661,364	\$20,021,321
Restricted	26,856,233	14,637,426	16,706,585	14,402,444	15,439,000
Unrestricted	21,970,832	37,606,549	34,276,409	31,978,555	28,600,700
Total governmental activities net assets	\$64,108,783	\$66,337,970	\$65,608,854	\$63,042,363	\$64,061,021
Primary government					
Invested in capital assets, net of related debt	\$15,281,718	\$14,093,995	\$14,625,860	\$16,661,364	\$20,021,321
Restricted	26,856,233	14,637,426	16,706,585	14,402,444	15,439,000
Unrestricted	21,970,832	37,606,549	34,276,409	31,978,555	28,600,700
Total primary government net assets	\$64,108,783	\$66,337,970	\$65,608,854	\$63,042,363	\$64,061,021

(A) The City implemented the GASB 34 infrastructure requirement during FY 2006 resulting in a \$10.5 million increase in net capital assets.

CITY OF CAMPBELL
Changes in Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,			
	2003	2004	2005	2006
Expenses				
Governmental Activities:				
General Government	\$3,375,084	\$6,491,138	\$3,731,831	\$3,649,906
Public Safety	14,115,306	14,952,689	16,870,357	16,465,886
Public Works	6,684,364	8,167,400	7,511,459	8,156,637
Community Development	3,564,044	3,022,482	4,049,828	3,859,987
Recreation and Community Services	4,343,175	5,104,270	6,034,563	5,525,298
Interest on Long Term Debt	4,158,370	2,523,859	4,065,244	2,319,021
Total Governmental Activities Expenses	<u>36,240,343</u>	<u>40,261,838</u>	<u>42,263,282</u>	<u>39,976,735</u>
Total Business-Type Activities Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Primary Government Expenses	<u>\$36,240,343</u>	<u>\$40,261,838</u>	<u>\$42,263,282</u>	<u>\$39,976,735</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$204,483	\$203,328	\$197,856	\$95,281
Public Safety	655,705	709,551	646,445	636,931
Public Works	1,886,801	2,063,541	2,362,049	2,490,332
Community Development	1,039,612	1,121,879	1,750,555	2,805,310
Recreation and Community Services	2,865,565	3,273,370	4,030,805	4,155,863
Operating Grants and Contributions	1,818,575	2,677,324	1,776,473	1,920,289
Capital Grants and Contributions	1,518,686	623,318	1,533,170	1,707,722
Total Government Activities Program Revenues	<u>9,989,427</u>	<u>10,672,311</u>	<u>12,297,353</u>	<u>13,811,728</u>
Total Business-Type Activities Program Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Primary Government Program Revenues	<u>\$9,989,427</u>	<u>\$10,672,311</u>	<u>\$12,297,353</u>	<u>\$13,811,728</u>
Net (Expense)/Revenue				
Governmental Activities	(\$26,250,916)	(\$29,589,527)	(\$29,965,929)	(\$26,165,007)
Business-Type Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Primary Government Net Expense	<u>(\$26,250,916)</u>	<u>(\$29,589,527)</u>	<u>(\$29,965,929)</u>	<u>(\$26,165,007)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Property Taxes	\$9,634,744	\$9,736,712	\$12,171,170	\$12,811,822
Education Revenue Augmentation Payment	0	(299,715)	(1,071,683)	(557,992)
Sales Taxes	8,997,381	10,684,234	9,973,506	9,346,984
Transient Occupancy Tax	970,000	882,464	894,179	1,132,495
Franchise Fees	1,199,011	1,237,222	1,262,319	1,346,968
Business License Taxes	195,549	203,520	201,655	202,101
Property Transfer Taxes	186,876	271,203	401,468	352,535
Construction Taxes	74,727	55,052	98,355	303,943
Motor Vehicle In Lieu	2,198,971	1,768,570	847,109	283,919
Interest Earnings	1,794,891	326,684	1,124,889	1,011,270
Other General Revenues	522,197	123,477	125,339	82,923
Transfers				
Total Government Activities	<u>25,774,347</u>	<u>24,989,423</u>	<u>26,028,306</u>	<u>26,316,968</u>
Total Business-Type Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Primary Government	<u>\$25,774,347</u>	<u>\$24,989,423</u>	<u>\$26,028,306</u>	<u>\$26,316,968</u>
Change in Net Assets				
Governmental Activities	(\$476,569)	(\$4,600,104)	(\$3,937,623)	\$151,961
Business-Type Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Primary Government	<u>(\$476,569)</u>	<u>(\$4,600,104)</u>	<u>(\$3,937,623)</u>	<u>\$151,961</u>

Note: The City of Campbell has elected to show data from the date of the GASB 34 conversion for this schedule.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$3,641,210	\$3,830,038	\$4,743,890	\$4,591,916	\$4,454,242
16,118,809	16,695,849	18,304,340	18,120,168	18,560,647
8,938,539	8,075,236	11,096,882	8,781,674	8,634,025
4,957,918	6,233,925	6,750,784	7,814,061	6,855,318
5,605,958	6,130,130	5,123,508	5,391,171	4,739,270
2,313,092	2,766,915	2,325,068	2,269,160	2,207,529
<u>41,575,526</u>	<u>43,732,093</u>	<u>48,344,472</u>	<u>46,968,150</u>	<u>45,451,031</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$41,575,526</u>	<u>\$43,732,093</u>	<u>\$48,344,472</u>	<u>\$46,968,150</u>	<u>\$45,451,031</u>
\$131,485	\$81,648	\$76,504	\$78,516	\$133,160
699,626	690,054	730,698	757,093	840,455
2,194,640	2,096,814	955,503	1,101,854	1,002,765
1,900,669	2,273,914	1,499,580	1,161,234	2,338,664
4,520,452	4,607,406	4,869,150	4,637,180	4,804,171
2,686,893	2,183,507	2,564,546	3,383,020	2,110,026
2,438,224	959,566	4,287,371	2,265,145	3,191,724
<u>14,571,989</u>	<u>12,892,909</u>	<u>14,983,352</u>	<u>13,384,042</u>	<u>14,420,965</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$14,571,989</u>	<u>\$12,892,909</u>	<u>\$14,983,352</u>	<u>\$13,384,042</u>	<u>\$14,420,965</u>
(\$27,003,537)	(\$30,839,184)	(\$33,361,120)	(\$33,584,108)	(\$31,030,066)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(\$27,003,537)</u>	<u>(\$30,839,184)</u>	<u>(\$33,361,120)</u>	<u>(\$33,584,108)</u>	<u>(\$31,030,066)</u>
\$14,062,514	\$15,718,642	\$17,073,312	\$16,680,859	\$15,836,085
0	0	0	0	0
10,049,829	10,334,831	9,625,398	9,538,242	10,524,344
1,463,140	1,619,111	1,287,184	1,297,573	2,031,585
1,685,455	2,323,063	2,368,278	2,337,022	2,619,457
203,145	240,133	232,424	214,198	218,252
344,991	290,036	192,369	172,449	191,118
20,415	129,027	10,639	1,469	134,444
268,973	219,538	176,389	155,074	185,864
1,537,612	1,531,949	952,739	473,694	241,369
145,614	662,041	713,272	146,851	66,207
<u>29,781,688</u>	<u>33,068,371</u>	<u>32,632,004</u>	<u>31,017,431</u>	<u>32,048,725</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$29,781,688</u>	<u>\$33,068,371</u>	<u>\$32,632,004</u>	<u>\$31,017,431</u>	<u>\$32,048,725</u>
\$2,778,151	\$2,229,187	(\$729,116)	(\$2,566,677)	\$1,018,659
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$2,778,151</u>	<u>\$2,229,187</u>	<u>(\$729,116)</u>	<u>(\$2,566,677)</u>	<u>\$1,018,659</u>

CITY OF CAMPBELL
Changes in Fund Balance of Governmental Funds
Last Nine Fiscal Years
(Modified Accrual Basis of Accounting)

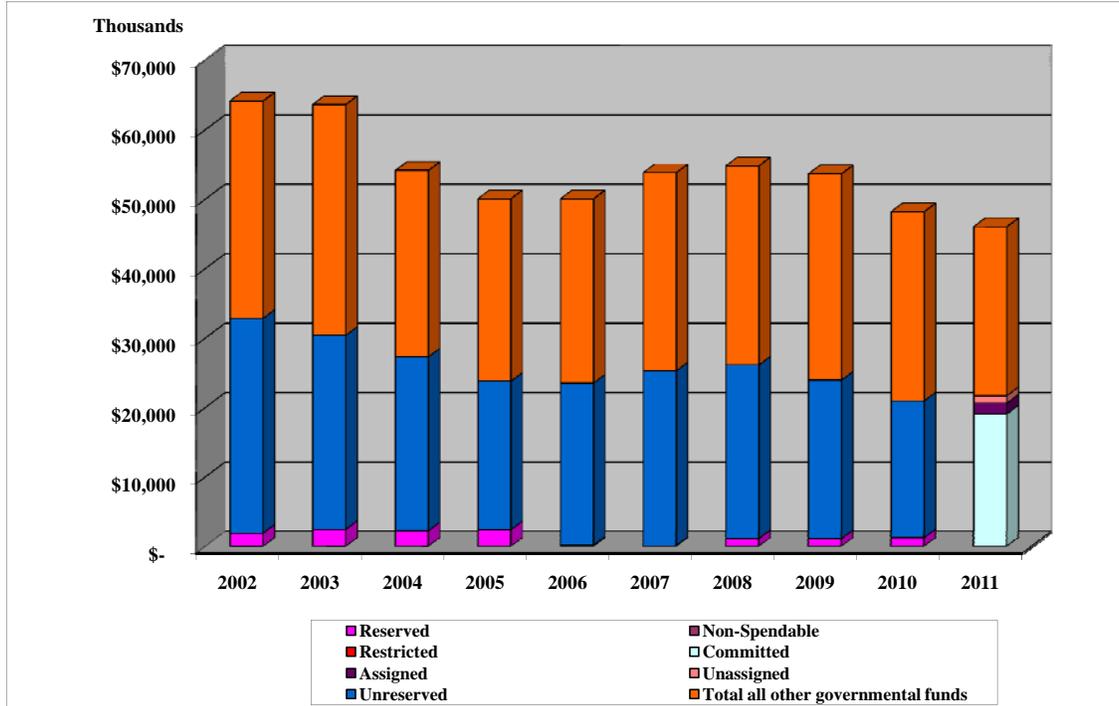
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues				
Taxes	\$21,258,288	\$22,706,706	\$23,884,979	\$24,648,545
Licenses, permits and fees	988,483	1,240,806	1,529,633	2,169,838
Special Assessments			1,098,021	1,101,438
Fines and forfeitures	303,221	315,813	272,670	297,357
Use of money and property	3,590,818	2,208,041	3,177,751	3,704,058
Intergovernmental revenues	4,211,957	3,941,015	2,804,404	2,737,196
Charges for services	4,072,962	4,322,787	4,195,509	4,480,001
Other	1,738,045	926,566	1,362,692	990,263
Total Revenues	<u>36,163,774</u>	<u>35,661,734</u>	<u>38,325,659</u>	<u>40,128,696</u>
Expenditures				
Current:				
General government	3,400,172	3,886,382	3,516,206	3,453,208
Public safety	13,468,695	14,778,276	16,291,215	15,865,192
Public works	5,680,329	7,631,938	6,936,049	6,483,216
Community development	3,321,995	3,067,016	3,216,851	2,960,088
Recreation and Community Services	4,328,302	5,098,270	5,648,237	5,139,196
Capital outlay	11,527,062	7,316,710	3,437,352	3,020,541
Debt service:				
Principal repayment	1,265,000	915,000	940,000	1,095,000
Interest and fiscal charges	3,454,673	2,530,226	3,068,612	2,283,887
Total Expenditures	<u>46,446,228</u>	<u>45,223,818</u>	<u>43,054,522</u>	<u>40,300,328</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,282,454)</u>	<u>(9,562,084)</u>	<u>(4,728,863)</u>	<u>(171,632)</u>
Other Financing Sources (Uses)				
Transfers in	38,270,589	18,351,410	8,753,340	8,501,967
Transfers (out)	(37,890,734)	(18,280,735)	(8,682,665)	(8,331,662)
Refunding certificates of participation				
Refunding tax allocation bonds	27,230,844		12,300,000	
Premium on bonds			325,712	
Payments to refunded bond escrow	(9,678,751)		(12,037,854)	
Sale of capital assets				
Total other financing sources (uses)	<u>17,931,948</u>	<u>70,675</u>	<u>658,533</u>	<u>170,305</u>
Net Change in fund balances	<u><u>\$7,649,494</u></u>	<u><u>(\$9,491,409)</u></u>	<u><u>(\$4,070,330)</u></u>	<u><u>(\$1,327)</u></u>
Debt service as a percentage of noncapital expenditures	12.7%	8.8%	10.1%	8.8%

NOTE:

(a) The City implemented GASB Statement 34 in fiscal year 2002. Therefore this calculation is included only for fiscal years subsequent to that date.

2007	2008	2009	2010	2011
\$27,782,390	\$30,654,843	\$30,789,604	\$30,241,812	\$31,557,784
1,193,393	2,522,921	1,686,255	1,288,664	2,364,085
1,102,798	1,136,457	1,135,051	1,135,464	1,135,466
314,432	344,844	369,616	436,679	394,275
4,731,397	4,506,694	4,496,169	3,136,727	2,486,510
3,570,479	1,982,703	5,211,858	4,414,326	4,142,685
4,672,278	3,459,659	3,667,754	3,736,998	4,209,986
966,545	1,107,051	717,183	461,727	611,880
44,333,712	45,715,172	48,073,490	44,852,397	46,902,671
3,387,977	3,819,217	4,005,190	3,917,093	4,204,006
15,828,507	17,092,877	18,386,502	18,221,484	18,305,304
6,285,428	6,989,785	7,662,601	7,397,394	6,858,938
4,004,667	5,284,418	4,704,397	7,090,693	5,595,382
5,238,988	5,840,659	4,807,547	4,668,299	4,497,252
2,514,138	2,218,792	5,524,204	4,874,101	5,493,620
1,075,000	1,105,000	1,550,000	1,605,000	1,675,000
2,321,805	2,291,875	2,648,019	2,577,786	2,501,091
40,656,510	44,642,623	49,288,460	50,351,850	49,130,593
3,677,202	1,072,549	(1,214,970)	(5,499,453)	(2,227,922)
7,758,287	6,740,802	9,698,627	9,043,078	10,151,253
(7,690,228)	(6,817,774)	(9,640,749)	(8,987,897)	(10,078,433)
68,059	(76,972)	57,878	55,181	72,820
\$3,745,261	\$995,577	(\$1,157,092)	(\$5,444,272)	(\$2,155,102)
8.6%	8.0%	8.8%	9.1%	9.4%

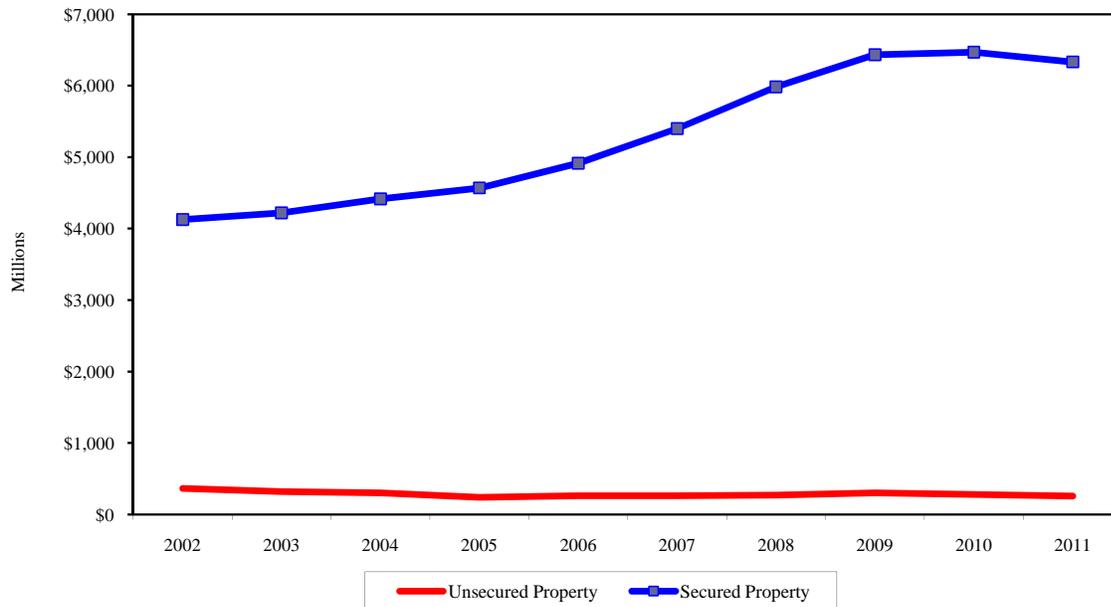
CITY OF CAMPBELL
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$1,898,526	\$2,439,856	\$2,244,185	\$2,402,661	\$175,731	\$95,177	\$1,105,870	\$1,091,231	\$1,236,593	\$ -
Non-Spendable										-
Restricted										32,756
Committed										19,061,518
Assigned										1,552,458
Unassigned										1,060,784
Unreserved	<u>30,955,859</u>	<u>27,947,043</u>	<u>25,036,720</u>	<u>21,391,305</u>	<u>23,353,680</u>	<u>25,179,997</u>	<u>25,026,233</u>	<u>22,856,245</u>	<u>19,732,965</u>	-
Total General Fund	<u>\$32,854,385</u>	<u>\$30,386,899</u>	<u>\$27,280,905</u>	<u>\$23,793,966</u>	<u>\$23,529,411</u>	<u>\$25,275,174</u>	<u>\$26,132,103</u>	<u>\$23,947,476</u>	<u>\$20,969,558</u>	<u>\$21,707,516</u>
All Other Governmental Funds										
Reserved	\$22,531,107	\$33,036,430	\$23,972,608	\$22,024,215	\$21,190,885	\$20,273,187	\$17,025,881	\$16,271,927	\$19,974,459	\$ -
Non-Spendable										17,802,945
Restricted										12,738,449
Committed										20,380,166
Assigned										1,661,377
Unassigned										(6,537,675)
Unreserved, reported in:										
Special revenue funds	8,249,676	8,820,747	7,950,160	6,875,133	8,241,372	9,760,027	6,347,568	8,757,057	6,130,381	-
Capital project funds	(5,623,336)	(5,544,022)	(2,340,705)	(540,201)	(1,152,731)	(904,886)	5,286,910	4,321,847	2,760,842	-
Debt service funds	6,126,430	(3,076,096)	(2,730,419)	(2,090,894)	(1,748,045)	(597,349)	9,268	346,331	(1,634,874)	-
Total all other governmental funds	<u>\$31,283,877</u>	<u>\$33,237,059</u>	<u>\$26,851,644</u>	<u>\$26,268,253</u>	<u>\$26,531,481</u>	<u>\$28,530,979</u>	<u>\$28,669,627</u>	<u>\$29,697,162</u>	<u>\$27,230,808</u>	<u>\$46,045,262</u>

(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

**CITY OF CAMPBELL
 ASSESSED AND ESTIMATED ACTUAL
 VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

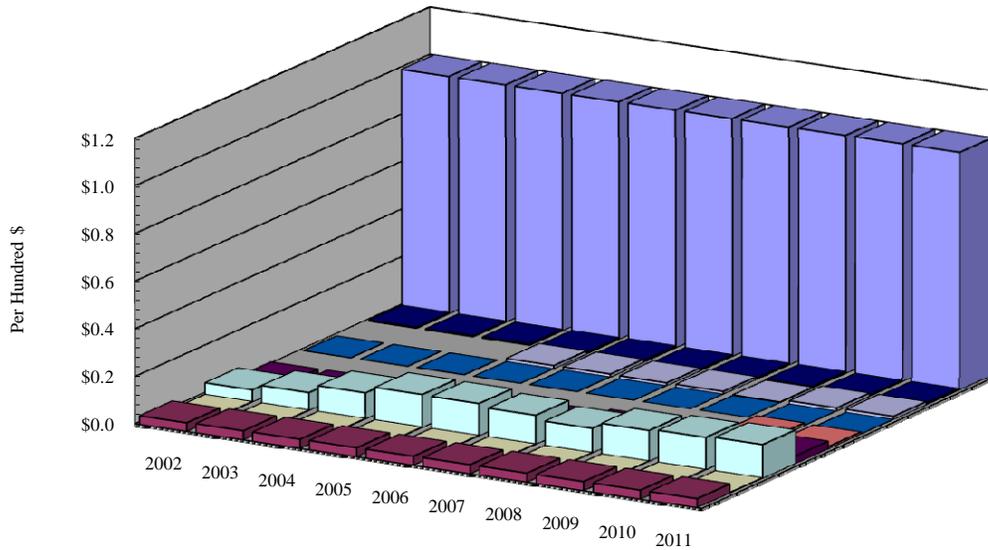


<u>Fiscal Year</u>	<u>Secured Property</u>	<u>HOPTR Exemptions</u>	<u>SBE Utilities</u>	<u>Total Secured Value</u>	<u>Unsecured Property</u>	<u>Total Assessed (a)</u>	<u>Total Direct Tax Rate (b)</u>
2002	\$3,712,714,024	\$46,449,200	\$1,751,083	\$3,760,914,307	\$365,891,218	\$4,126,805,525	1%
2003	3,855,036,928	46,215,400	2,292,470	3,903,544,798	317,362,428	4,220,907,226	1%
2004	4,068,964,576	45,444,000	269,185	4,114,677,761	302,047,319	4,416,725,080	1%
2005	4,284,786,207	44,648,800	322,756	4,329,757,763	240,037,463	4,569,795,226	1%
2006	4,611,315,721	44,664,200	304,617	4,656,284,538	260,089,970	4,916,374,508	1%
2007	5,095,738,554	44,870,000	259,874	5,140,868,428	260,075,849	5,400,944,277	1%
2008	5,668,447,696	46,579,400	53,000	5,715,080,096	268,438,860	5,983,518,956	1%
2009	6,084,718,612	47,271,000	132,500	6,132,122,112	301,436,497	6,433,558,609	1%
2010	6,145,647,005	47,023,200	132,500	6,192,802,705	277,622,054	6,470,424,759	1%
2011	6,028,040,396	46,446,400	132,500	6,074,619,296	258,641,006	6,333,260,302	1%

Source: Santa Clara County Assessor's Office

- (a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.
- (b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The City of Campbell encompasses more than 20 tax rate areas.

**CITY OF CAMPBELL
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**



■ Basic SCC Retirement	□ Basic Library Retirement	□ Elem or Unified School Bonds
■ High School Bonds	■ Hospital Facilities Bond	■ SCVWD Zone W-1
□ West Valley College	■ SCVWD State Project	■ Basic Direct Tax Rate

Fiscal Year	Basic Direct Tax Rate	SCC Retirement	Library Retirement	Elem or Unified School Bonds	High School Bonds	SCVWD State Project	SCVWD Zone W-1	West Valley College	Hospital Facilities Bond	Total
2002	1.0000	0.036	0.002	0.052	0.016	0.005	0.001			1.1125
2003	1.0000	0.039	0.002	0.076	0.017	0.006	0.001			1.1410
2004	1.0000	0.039	0.002	0.111	0.022	0.008	0.001			1.1826
2005	1.0000	0.039	0.002	0.140	0.020	0.009	0.001	0.014		1.2236
2006	1.0000	0.039	0.002	0.137	0.022	0.007	0.001	0.014		1.2224
2007	1.0000	0.039	0.002	0.123	0.020	0.007	0.000	0.013		1.2041
2008	1.0000	0.039	0.002	0.104	0.030	0.007	0.000	0.012		1.1940
2009	1.0000	0.039	0.002	0.131	0.030	0.006	0.000	0.003		1.2110
2010	1.0000	0.039	0.002	0.137	0.031	0.007	0.000	0.014	0.0122	1.2436
2011	1.0000	0.039	0.002	0.143	0.033	0.007	0.000	0.014	0.0095	1.2475

Source: Santa Clara County Assessors Office

Note: In 1978, California voters passed Proposition 13 which set the property tax rate at a fixed amount of 1.00% of assessed value .

Each year, the assessed values may be increased by the California CPI, not to exceed 2.0%. Properties are reassessed at market value upon sale.

The 1.0% tax levy is shared by all jurisdictions within the County. Based upon the Assessors report for 2010-11 the levy was distributed as follows:

School Districts	45%	Community Colleges	7%
Cities	14%	Special Districts	6%
Redevelopment Agencies	10%	County	18%
		Total	100%

CITY OF CAMPBELL
Principal Property Taxpayers
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>2010-11</u>			<u>2001-02*</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Blackhawk Parent , LLC	\$ 201,971,379	1	3.189%	\$ 42,951,997	3	1.440%
Campbell Technology Parkway LLC	71,991,116	2	1.137%			
Legacy III Campbell LLC	63,200,000	3	0.998%			
Hines Vaf No Cal Properties LP	59,785,011	4	0.944%			
Fund X PY Campbell LLC	53,404,131	5	0.843%			
Marc W Buzolich Trustee Et Al	52,137,179	6	0.823%	58,396,373	2	1.957%
Bay Apartment Communities, Inc.	48,265,386	7	0.762%			
Lyon The Commons Apartments LLC	31,728,233	8	0.501%	14,419,528	10	0.483%
EQR-Connor, LLC	24,284,314	9	0.383%			
Hamilton Plaza Investors, LLC	38,593,256	10	0.609%			
OTR Trust				73,400,000	1	2.460%
MP Hacienda, Inc.				24,657,668	4	0.826%
P COM, Inc				23,450,758	5	0.786%
Aetna Life Insurance				19,528,135	6	0.655%
Lincoln Bascom Office Center				16,715,730	7	0.560%
Brian Avery Trustee, et. al.				14,831,733	8	0.497%
La Valencia Apartments LTD				14,599,204	9	0.489%
Total	<u><u>\$645,360,005</u></u>		<u><u>10.2%</u></u>	<u><u>\$302,951,126</u></u>		<u><u>10.2%</u></u>

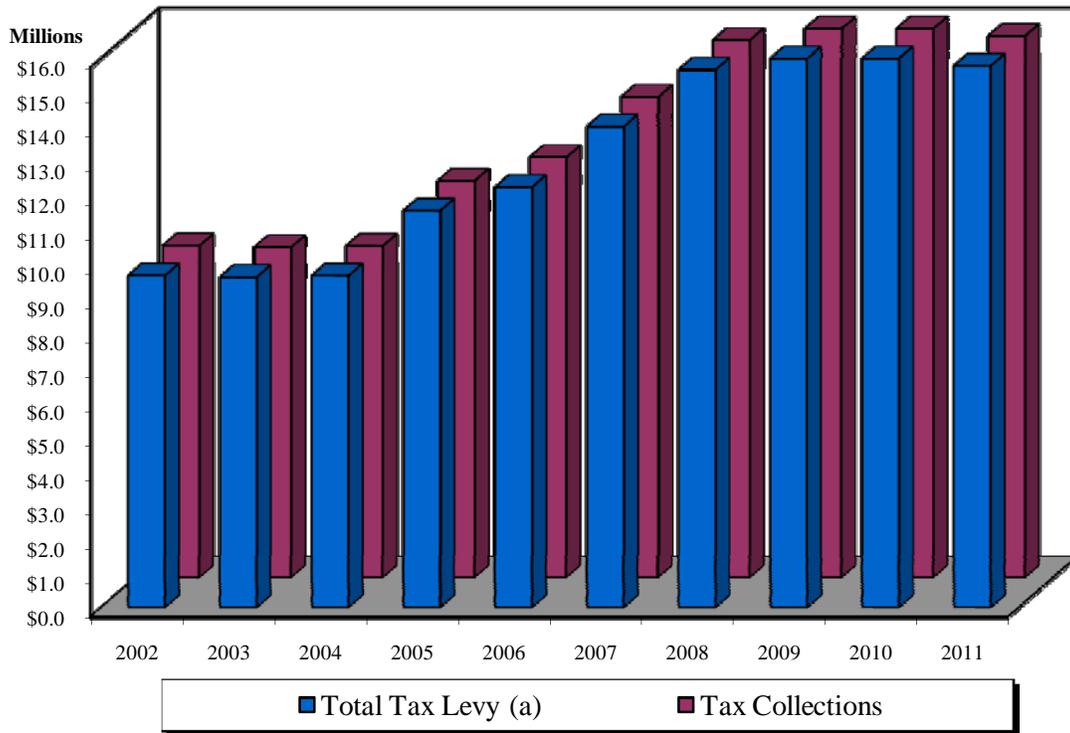
Total Net Assessed Valuation:

Fiscal Year 2010-2011	\$6,333,260,302
Fiscal Year 1998-1999	\$2,983,422,243
Fiscal Year 2001-2002	\$4,126,805,525

Source: Santa Clara County Assessor Fiscal Year Combined Tax Rolls - County of Santa Clara Metro Scan

*Note: Data unavailable for Fiscal Year 01/02. Data shown for Fiscal Year 98/99

**CITY OF CAMPBELL
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**



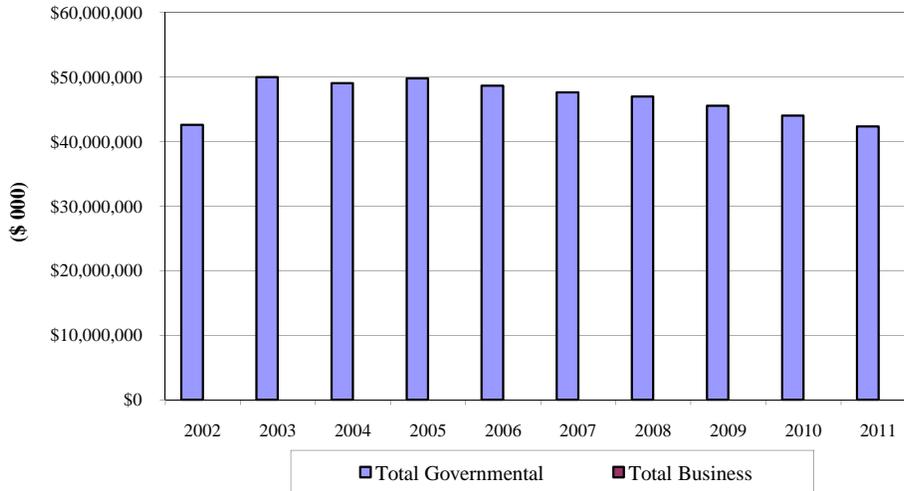
Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2002	\$9,677,453	\$9,677,453	100.0000%		\$9,677,453	100.0000%
2003	9,632,347	9,632,347	100.0000%		9,632,347	100.0000%
2004	9,672,727	9,672,727	100.0000%		9,672,727	100.0000%
2005	11,567,188	11,567,188	100.0000%		11,567,188	100.0000%
2006	12,253,830	12,253,830	100.0000%		12,253,830	100.0000%
2007	14,015,414	14,015,414	100.0000%		14,015,414	100.0000%
2008	15,669,700	15,669,700	100.0000%		15,669,700	100.0000%
2009	17,023,986	17,023,986	100.0000%		17,023,986	100.0000%
2010	16,631,707	16,631,707	100.0000%		16,631,707	100.0000%
2011	15,787,084	15,787,084	100.0000%		15,787,084	100.0000%

Source: City of Campbell Records

NOTES: Proposition 13 approved by the voters in 1978 provided for a maximum tax rate. The proceeds are apportioned to the various taxing entities on a formula basis. In 1981 - 1982 the basis of assessed valuation was adjusted to full cash value upon resale or new construction, rather than the previous 25 percent estimate. The property tax levy was not to exceed one percent.

(a) Includes Redevelopment Agency in total tax levy.

CITY OF CAMPBELL
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years



Governmental Activities					
Fiscal Year	Tax Allocation Bonds	Certificates of Participation	Special Assessment Debt	Other Indebtedness	Total
2002	\$10,690,000	\$22,570,000	-	\$9,343,980	\$42,603,980
2003	25,275,000	24,690,844	-	-	49,965,844
2004	24,895,000	24,155,844	-	-	49,050,844
2005	26,170,000	23,605,844	-	-	49,775,844
2006	25,640,000	23,040,844	-	-	48,680,844
2007	25,145,000	22,460,843	-	-	47,605,843
2008	24,635,000	22,350,150	-	-	46,985,150
2009	23,700,000	21,837,315	-	-	45,537,315
2010	22,730,000	21,310,488	-	-	44,040,488
2011	21,715,000	20,650,488	-	-	42,365,488

Business-Type Activities					
Fiscal Year			Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	Total	Total			
2002	\$ -	\$ -	\$42,603,980	2.3960%	\$1,109.45
2003	-	-	49,965,844	2.8139%	1,304.59
2004	-	-	49,050,844	2.6149%	1,284.76
2005	-	-	49,775,844	2.4805%	1,295.74
2006	-	-	48,680,844	2.2424%	1,267.47
2007	-	-	47,605,843	1.9949%	1,197.69
2008	-	-	46,985,150	1.9810%	1,169.92
2009	-	-	45,537,315	2.0197%	1,126.60
2010	-	-	44,040,488	2.0580%	1,118.83
2011	-	-	42,365,488	1.9166%	1,068.11

Note : Debt amounts exclude any premiums, discounts, or other amortization amounts.

RDA tax allocation bonds are included in total debt.

Sources: City of Campbell

State of California, Department of Finance (population)

U.S. Department of commerce, Bureau of the Census (income)

(a) See Page 118 (Demographic Statistics) for personal income and population data.

**CITY OF CAMPBELL
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2011**

2010-11 Assessed Valuation	\$6,333,260,302
Redevelopment Incremental Valuation	<u>614,671,641</u>
Adjusted Assessed Valuation	<u><u>\$5,718,588,661</u></u>

	Net Debt Outstanding	%	Amount Applicable To City of Campbell
<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>			
Santa Clara County Valley Water District Benefit Assessment District	\$143,160,000	2.155%	\$3,085,098
Santa Clara County	334,900,000	2.155%	7,217,095
Santa Clara Valley Water District, Zone W-1	405,000	2.637%	10,680
Campbell Union High School District	167,315,000	18.678%	31,251,096
Cambrian School District	18,759,944	26.029%	4,883,026
Campbell Union School District	119,646,120	28.736%	34,381,509
Moreland School District	71,683,662	10.919%	7,827,139
West Valley -Mission Community College District	213,049,346	8.089%	17,233,562
City of Campbell 1915 Act Bonds	85,000	100.000%	85,000
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT			<u><u>\$105,974,204</u></u>

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:

Santa Clara County General Fund Obligations	\$786,980,000	2.155%	\$16,959,419
Santa Clara County Board of Education Certificates of Participation	12,580,000	2.155%	271,099
Santa Clara County Vector Control District Certificates of Participation	3,800,000	2.155%	81,890
Santa Clara County Pension Obligations	386,024,822	2.155%	8,318,835
West Valley-Mission Community College District General Fund Obligations	56,120,000	8.089%	4,539,547
City of Campbell Certificates of Participation	19,955,843	100.000%	19,955,843
Midpeninsula Regional Open Space District General Fund Obligations	131,003,031	0.042%	55,021
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT			<u><u>\$50,181,654</u></u>
GROSS COMBINED TOTAL DEBT			<u><u>\$156,155,858</u></u>

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the City

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

RATIOS TO 2010-11 ASSESSED VALUATION:

Total Overlapping Tax and Assessment Debt	1.67%
---	-------

RATIOS TO ADJUSTED 2010-11 ASSESSED VALUATION:

Combined Direct Debt (\$19,955,843)	0.35%
Combined Total Debt	2.73%

<u>State School Building Aid Repayable as of 6/30/11 :</u>	<u>\$0</u>
--	------------

Note: Prepared for the City of Campbell by California Municipal Statistics, Inc.

CITY OF CAMPBELL
COMPUTATION OF LEGAL BONDED DEBT MARGIN
June 30, 2011

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$6,333,260,302
---	-----------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$237,497,261
---	---------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$42,365,488
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	42,365,488

Amount of debt subject to limit	0
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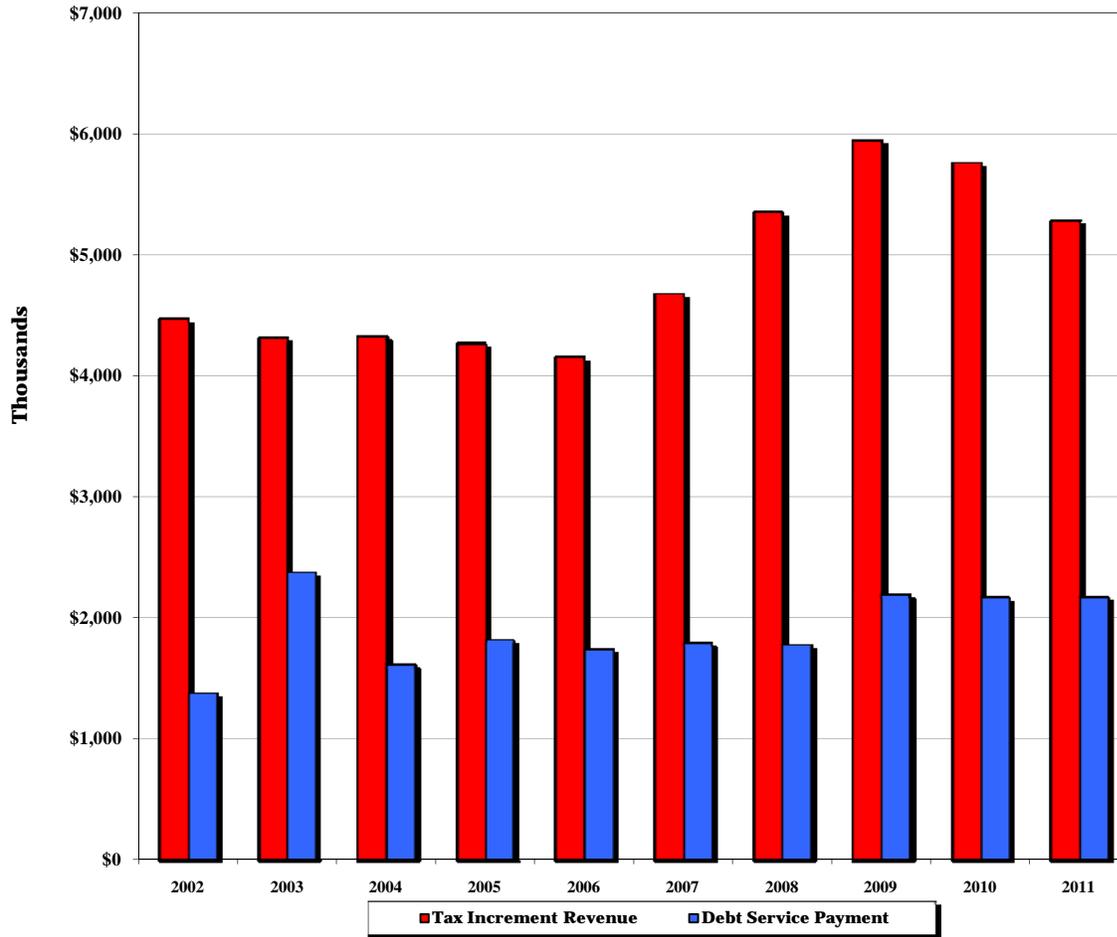
LEGAL BONDED DEBT MARGIN	\$237,497,261
--------------------------	---------------

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2002	\$154,755,207	\$ -	\$154,755,207	0.00%
2003	158,284,021	-	158,284,021	0.00%
2004	165,627,191	-	165,627,191	0.00%
2005	171,367,321	-	171,367,321	0.00%
2006	184,364,044	-	184,364,044	0.00%
2007	202,535,410	-	202,535,410	0.00%
2008	237,497,261	-	237,497,261	0.00%
2009	241,258,448	-	241,258,448	0.00%
2010	242,640,928	-	242,640,928	0.00%
2011	237,497,261	-	237,497,261	0.00%

NOTE:

- (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

**CITY OF CAMPBELL
 BONDED DEBT PLEDGED REVENUE COVERAGE
 REDEVELOPMENT AGENCY TAX ALLOCATION BONDS
 LAST TEN FISCAL YEARS**

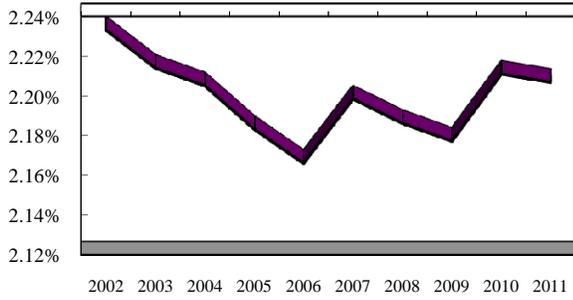


Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2002	\$4,470,776	\$146,970	\$1,222,830	\$1,369,800	3.26
2003	4,315,786	715,000	1,658,472	2,373,472	1.82
2004	4,325,391	535,000	1,076,227	1,611,227	2.68
2005	4,268,551	390,000	1,422,678	1,812,678	2.35
2006	4,151,860	530,000	1,211,918	1,741,918	2.38
2007	4,679,722	495,000	1,291,096	1,786,096	2.62
2008	5,349,414	510,000	1,263,668	1,773,668	3.02
2009	5,947,747	935,000	1,254,439	2,189,439	2.72
2010	5,763,885	970,000	1,196,974	2,166,974	2.66
2011	5,283,202	1,015,000	1,154,235	2,169,235	2.44

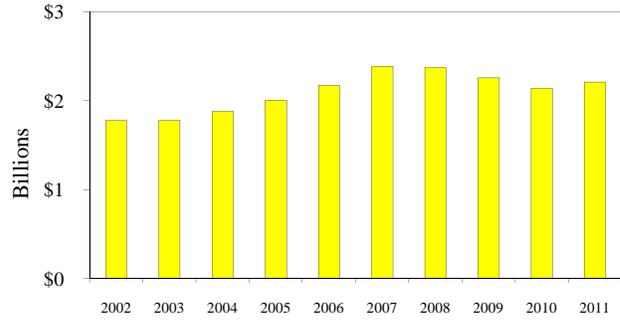
* Includes advance refunding and defeased debt principal payments.

Source: City of Campbell Annual Financial Statements

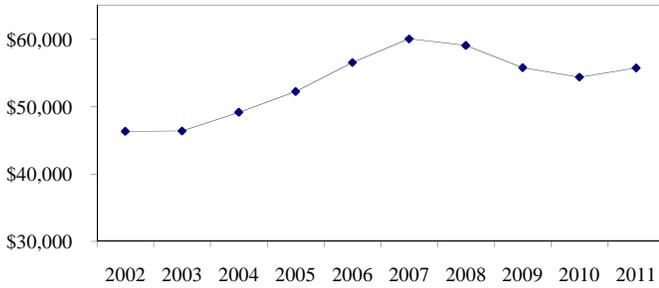
**CITY OF CAMPBELL
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



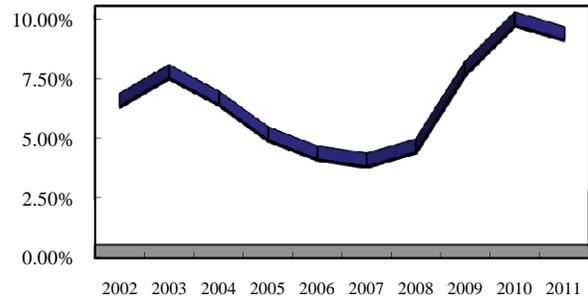
■ City Population as a % of County Population



■ Total Personal Income (000's)



◆ Per Capita Personal Income



■ Unemployment Rate (%)

Fiscal Year	City Population	Total Personal Income (000's)	Per Capita Personal Income	Unemployment Rate (%)	Santa Clara County Population	City Population % of County
2002	38,401	\$1,778,158	\$46,305	6.3%	1,719,565	2.23%
2003	38,300	1,775,703	46,363	7.5%	1,729,917	2.21%
2004	38,179	1,875,811	49,132	6.4%	1,731,422	2.21%
2005	38,415	2,006,646	52,236	4.9%	1,759,585	2.18%
2006	38,408	2,170,897	56,522	4.1%	1,773,258	2.17%
2007	39,748	2,386,390	60,038	3.8%	1,808,056	2.20%
2008	40,161	2,371,828	59,058	4.4%	1,837,075	2.19%
2009	40,420	2,254,668	55,781	7.7%	1,856,514	2.18%
2010	39,363	2,139,937	54,364	9.7%	1,780,384	2.21%
2011	39,664	2,210,423	55,729	9.1%	1,797,375	2.21%

Source: California State Department of Finance; Employment Development Department Bureau of Economic Analysis, U.S. Department of Commerce

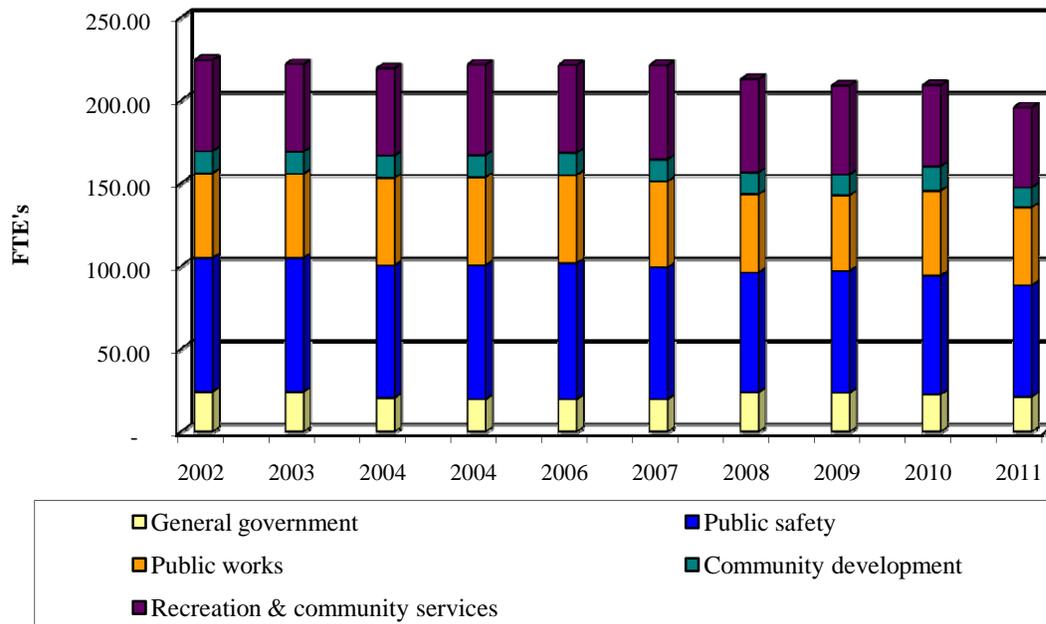
Note: Unemployment rates for FY2002-2011 are FY average.
Per Capita Income is Santa Clara County

CITY OF CAMPBELL
Top Ten Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2010-11</u>			<u>2001-02</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Barracuda Networks Inc	300	1	1.3%			
Fry's Electronics	287	2	1.2%	285	3	1.2%
Whole Foods Market	250	3	1.1%			
Home Depot	209	4	0.9%	305	2	1.3%
Hunter Laboratories	200	5	0.9%			
SAAMA Technologies	186	6	0.8%			
City of Campbell	154	7	0.7%	170	9	0.7%
Mohler, Nixon & Williams Accountancy	150	8	0.6%			
Senior Living Solutions, LLC	150	9	0.6%			
Durham School Services LP	144	10	0.6%			
Pana Pacific Corporation				320	1	1.3%
P-Com Inc.				250	4	1.0%
Zilog, Inc.				213	5	0.9%
Mervyn's Department Store				206	6	0.9%
Compuware Corporation				200	7	0.8%
Talk City , Inc.				195	8	0.8%
John P. Wolfe Engineering				160	10	0.7%
Subtotal	<u>1,730</u>		<u>7.5%</u>	<u>2,304</u>		<u>9.6%</u>
Total City Day Population	<u>23,146</u>			* <u>23,983</u>		

Source: City Campbell - California Employment Development Department

CITY OF CAMPBELL
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years



	2002	2003	2004	2004	2006
Function					
General government	24.11	24.11	20.52	19.63	19.63
Public safety	80.85	80.85	79.90	80.85	82.11
Public works	50.95	50.59	52.79	53.07	53.11
Community development	13.48	13.47	13.47	13.47	13.47
Recreation & community services	54.87	52.79	52.62	54.53	52.93
Total	224.26	221.81	219.30	221.55	221.25

	2007	2008	2009	2010	2011
Function					
General government	19.63	23.77	23.52	22.45	21.07
Public safety	79.60	72.39	73.53	71.81	67.36
Public works	51.87	47.10	45.58	51.12	46.97
Community development	13.22	13.23	12.51	14.73	12.06
Recreation & community services	56.82	56.20	53.70	48.99	48.19
Total	221.14	212.69	208.84	209.10	195.65

Source: City of Campbell, CA Budget Documents
 FY 2005 - Includes a Total of 10.25 Frozen Positions
 FY 2006 & 2007 - Includes a Total of 16.35 Frozen Positions
 FY 2008 - Includes a Total of 11.1 Frozen Positions
 FY 2009 - Includes a Total of 17.85 Frozen Positions

CITY OF CAMPBELL
Operating Indicators by Function/Program
Last Seven Fiscal Years

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Function/Program								
Public safety:								
Fire:								
Fire calls for service	70	94	92	100	119	99	74	72
Medical aid calls	1,470	1,798	1,777	1,411	1,801	1,662	1,806	1,931
Police:								
Police calls for Service	22,487	23,685	21,731	22,166	22,961	22,362	22,272	22,098
Law violations:								
Arrests	1,486	1,555	1,455	1,553	1,586	1,568	1,725	1,535
Traffic violations	7,327	6,611	5,871	6,329	6,545	5,968	6,038	4,232
Parking violations	4,432	4,171	4,146	3,457	2,686	4,400	3,315	2,986
Public works:								
Miles of streets (major)	14	14	14	15	15	15	15	15
Miles of Streets (secondary)	74	74	74	77	77	77	77	77
Potholes repaired	150	100	100	145	182	131	150	151
Culture and recreation:								
Community Services:								
Recreation class participants	27,096	28,871	30,096	31,887	31,826	33,023	33,886	32,674
Performing Arts Center performances	5	6	5	6	6	12	13	10
Wastewater								
Miles of sewers (storm)	42	42	42	42	42	42	50	50
Miles of sewers (sanitary - entire district)	484	484	484	484	484	484	618	618
Miles of sewers (sanitary - Campbell only)	125	125	125	125	125	125	158	158
Solid Waste								
Refuse Landfilled (tons per year)	n/a	n/a	40,000	35,432	29,585	24,647	24,951	25,761
Recyclables Processed (tons per year)	n/a	n/a	20,000	17,362	17,702	17,636	17,505	15,561

Source: City of Campbell

Note: n/a denotes information not available.

CITY OF CAMPBELL
Capital Asset Statistics by Function/Program
Last Seven Fiscal Years

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Function/Program								
Public safety:								
Fire stations	2	2	2	2	2	2	2	2
Police stations	1	1	1	1	1	1	1	1
Police patrol units	12	12	11	11	11	12	12	12
Public works								
Miles of streets	88	88	88	92	92	92	92	92
Street lights	2,312	2,362	2,362	2,362	2,532	2,535	2,535	2,535
Traffic Signals	39	40	42	42	42	43	43	43
Culture and recreation:								
Community services:								
City parks	11	11	11	11	11	11	12	12
City parks acreage	86	86	86	86	86	86	87	87
Playgrounds	5	5	5	5	7	7	7	7
City trails	1	1	1	1	1	1	1	1
City trails miles	3	3	3	3	3	3	3	3
Historic house (museum)	1	1	1	1	1	1	1	1
Community gardens	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1
Adult centers	1	1	1	1	1	1	1	1
Sports centers	1	1	1	1	1	1	1	1
Performing arts centers	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1
Tennis courts	8	8	8	8	8	8	8	8
Baseball/softball diamonds	3	3	3	3	3	3	3	3
Soccer/football fields	3	3	3	3	9	9	9	9
Library:								
City Libraries	1	1	1	1	1	1	1	1

Source: City of Campbell

Note: Data prior to FY 2004 is not displayed due to the lack of consistent source documents

